Austria	Sch[illegible]	Indonesia	Rp[illegible]	Pakistan	Rs35
Bahrain	Din0.900	Iran	Rls[illegible]	Philippines	Pes40
Belgium	BFr60	Israel	[illegible]	Poland	Zl 16,000
Cyprus	C£1.00	Italy	L2200	Portugal	Esc175
Czech	Kcs35	Jordan	JD1.20	Qatar	QR10.00
Denmark	DKr13	Korea	Won 2000	S Arabia	SR8.00
Egypt	E£[illegible]	Kuwait	Fils.500	Singapore	S$4.10
Finland	FM[illegible]	Lebanon	L£1,000	Spain	Pta175
France	FFr[illegible]	Lux	LFr60	Sweden	SKr13
Germany	DM3.00	Morocco	MDh[illegible]	Switz	SFr2.70
Greece	Dr220	Neth	Fl 3.50	Thailand	Bht50
Hungary	Ft[illegible]	Nigeria	Naira15	Tunisia	Din0.800
Iceland	IKr[illegible]	Norway	NKr12.00	Turkey	L5000
India	Rs[illegible]	Oman	OR1.20	UAE	Dh6.50

EUROPE'S BUSINESS NEWSPAPER

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D 8523A

SUDAN

Rebel leader still 'firmly in charge'

Page 4

World News

Dutch urge more powers for European parliament

The Dutch presidency of the European Community wants to boost the powers of the European parliament, giving it the right to veto almost all EC legislation by the 12 member states, or Council of Ministers.

The proposal is contained in an unpublished working document likely to be put to the inter-governmental conference on political union currently trying to forge agreement on changes to the Treaty of Rome. Page 16

Poland threatens EC

Poland threatened to cancel talks on an association agreement with the European Community as the EC moved to defuse a row over east European market access for beef. Poland had hoped for more generous trade terms for its agricultural produce, textile and steel. Page 16

Mobil in Vietnam talks

Mobil, the US oil and gas group, is holding talks with PetroVietnam, the state oil company of Vietnam, about possible exploration opportunities in the South China Sea. Page 16

Hurd to heal rift

Douglas Hurd, Britain's foreign secretary, signalled the government's willingness to heal any rift with the Abu Dhabi authorities over the BCCI affair and promised it would not block viable plans for a restructuring. Page 7

Tajikistan independence

The Central Asian republic of Tajikistan declared independence from the Soviet Union and called a presidential election for October 27. Page 3

Peronist victory

Argentina's ruling Peronist party has won a greater than expected victory in gubernatorial and mid-term congressional elections. According to early returns, the party carried 10 of the 12 provinces contested, trouncing the opposition Radical party. Page 5; Economic reform, Page 15

33 die in Mozambique

At least 33 people have been killed by Renamo rebels, the Mozambique National Resistance, in attacks in southern Mozambique since Saturday, Radio Mozambique reported.

Two Palestinians killed

Two Palestinians were killed and three others were injured in clashes with Israeli soldiers in a town in the occupied West Bank, Palestinian and military sources said.

Three end hunger strike

Three South African white-supremacists abandoned an eight-week-old prison hunger strike saying they had failed to persuade President F.W. de Klerk to include them in a political amnesty extended to more than 1,100 members of Nelson Mandela's African National Congress (ANC).

Turks held

Eleven Turks have been detained by Istanbul police after the discovery of 33kg (73lb) of heroin hidden in the fuel tank of a bus bound for the Netherlands, the semi-official Anatolian news agency said.

UN leaves Mogadishu

The UN is pulling out of the Somali capital Mogadishu after three of its local staff were shot dead in an upsurge of fighting.

Concept car on show

A concept sports car that corrects its driver's braking and steering mistakes will be displayed this week by Mercedes Benz at the Frankfurt Motor Show. The C112 is derived from the Mercedes C11 sports car and has a central computer.

Business Summary

Keith Prowse ticket agency is put into receivership

Keith Prowse, the world's largest ticket agency selling more than a million tickets a year, was put in receivership with debts in excess of £7m.

The collapse of the UK ticket and hotel reservations agency, corporate hospitality, and travel group, came yesterday when an accountancy firm was appointed receivers to Keith Prowse Holdings, the umbrella company. Page 16; Background, Page 8

BRENT WALKER moved close to receivership after holders of more than 25 per cent of its bonds refused to drop their opposition to the troubled UK leisure group's reconstruction plan and continued to support an alternative takeover offer from Lonrho, the international trading group. Page 17

DUSSELDORF city prosecutors are investigating the collapse of an investment company selling commodity futures with losses of up to DM500m ($289m). Page 17

SOUTH AFRICA has finalised plans for its first public debt issue since 1985, a D-Mark denominated bond issue which could also raise the first new money from international investors since the mid-1980s. Page 17

KRUPP STAHL, steel subsidiary of Germany's Krupp conglomerate, is favourite to take over one of east Germany's biggest steel groups, EKO, in Eisenhüttenstadt near the border with Poland. Page 18

RALPH INGERSOLL, US publisher who owns the Birmingham Post and Mail, the British regional newspaper group, is negotiating a re-capitalisation deal with leading publishers in Italy, Germany and France. Page 17

CARREFOUR, acquisitive French hypermarket group, announced a 6.7 per cent rise in first-half profits but repeated its earlier forecast that full-year earnings would fall slightly from last year's FFr1.35bn ($22m) net. Page 18

NORSK HYDRO, one of the world's two biggest magnesium metal producers, said it would "strongly contest" charges of dumping and subsidisation made by Magnesium Corp of America, a US primary producer. Page 6

HACHETTE, French publishing and broadcasting group, is selling Danel Ferry, the country's leading printer of continuous office stationery, the first significant step in the FFr2bn ($330m) programme of asset sales announced last June. Page 18

THYSSEN HANDELSUNION, trading unit of Thyssen, is in talks with a Japanese group for a joint venture in east Germany. Page 6

JAPAN: The Fair Trade Commission is to launch a study on Japanese business behaviour, including the system of corporate cross-shareholdings, which US officials have targeted as a source of exclusionary practices. Page 4

SUTER, the UK industrial holding company which has been the subject of inquiries by Britain's Department of Trade and Industry for more than three years, reported a 46 per cent fall in pre-tax profit to £9.2m ($15.5m) in the first half. Page 18

BRITAIN: John Major, the UK prime minister, said the economy was "back on course" as news of unexpectedly strong high street spending in July lifted government hopes of a recovery. Page 7

INDIA: A substantial slowdown in the growth rate of the Indian economy is forecast by the Reserve Bank of India (the central bank) in its annual report. Page 6

Kohl optimistic over east German economy

By Christopher Parkes in Bonn

A FRESH wave of optimism over east German economic prospects swept through Bonn yesterday as Chancellor Helmut Kohl said that only 11 months after unification the economic decline was ending.

He told a meeting of unions and employers in the German capital that an upturn was on the way.

Later, Mr Dieter Vogel, the government spokesman, added that the trend was "clearly upwards", and Mr Jürgen Möllemann, economics minister, insisted that growth of 10 per cent in 1992 was "absolutely realistic".

IFO, the authoritative Munich-based economic research institute, topped up the enthusiasm with a forecast of a 10-15 per cent surge in construction spending in the former East Germany next year.

Mr Vogel added that the west German mechanical engineering industry planned to invest more than DM7bn ($4bn) in the region, and the motor industry between DM8bn and DM10bn.

In spite of the chancellor's careful choice of words, his statement, taken with those of Mr Vogel and Mr Möllemann, indicates a government consensus that the awaited "upswing east" is at last happening.

Mr Kohl has been downbeat about prospects in the five eastern Länder – or states – since the over-optimistic forecasts he made shortly after unification. He found added grounds for optimism in a separate IFO analysis which reported improving performance in the services sectors and advances, although more modest, in industrial output.

The Soviet Union, which had given undertakings to buy DM12bn of east German exports, had already this year put in orders for DM9bn worth, the chancellor added. Financing for DM6bn was in place.

In the jobs market the number of short-time workers had fallen by more than 500,000 since April to 1.45m, he added. However, the number of unemployed in the east had increased by only 226,000, confounding forecasters who claimed that all workers deprived of short-time employment this summer would go directly into the dole queues.

But the chancellor moderated his enthusiasm with a repeated warning against over-generous pay settlements in both east and west, reminding those in the east that they could not yet expect to be paid western rates.

"I am greatly concerned at the widening gap in many areas between wage increases and improvements in efficiency," he said.

There were also warnings for the west in the IFO construction forecasts, which said unless interest rates and land prices came down, the industry in the old federal republic could expect only 1 per cent spending growth next year, compared with an estimated 3 per cent increase in the current year and 5 per cent in 1990.

● The national statistics office yesterday confirmed that inflation in west Germany fell last month to 4.1 per cent compared with 4.4 per cent in July.

Western help to survive winter is vital, says economics minister

Russia binds reform to aid

By John Lloyd in Moscow

RUSSIA cannot begin the process of economic reform unless the west agrees urgent assistance to ensure that the country survives the winter, according to Mr Yevgeny Saburov, the Russian economics minister.

Mr Saburov also warned that Russia would soon cease to provide energy and other resources to other republics at subsidised prices – moving instead to charging world prices for oil, gas, coal and other supplies.

He spelt out the harder line of the Russian leadership – now very much in control at the Union level – as foreign ministers arrived in Moscow for the opening of the 35-nation Conference on Security and Co-operation today.

Mr Hans-Dietrich Genscher of Germany was the first to see Soviet president Mikhail Gorbachev, but he and others including Mr James Baker, US secretary of state, and Mr Douglas Hurd, Britain's foreign secretary, are known to be keen to forge closer links with Russian president Boris Yeltsin and the leaders of other republics.

In Bonn, Mr Dieter Vogel, the government spokesman, said Chancellor Helmut Kohl would appeal to US president George Bush for the US to channel aid to the Soviet Union during talks in Washington next Monday.

This emerged as Mr Gorbachev set in train efforts to stimulate foreign investment, with plans to send close aides to six Middle East countries and to Germany to ask for short-term assistance.

Mr Vitaly Churkin, foreign ministry spokesman, said Mr Alexander Yakovlev and Mr Yevgeny Primakov would "see what can be generated in terms of co-operation with these countries".

A Georgian national guardsman argues with parents in Tbilisi who want their sons to leave the national guard

Mr Saburov, meanwhile, said he and Mr Ivan Silayev, the Russian prime minister, had pressed the issue of aid on Mr John Major, Britain's prime minister, and on Mr Pierre Bérégovoy, the French finance minister, during their recent trips to Moscow – and met a sympathetic ear.

The Russian approach is encouraged by growing fears that the coming winter will see a breakdown in supplies. Mr Saburov said "stupid" former leadership had "reduced us to ruin. At the same time my friends the democrats have not helped with massive promises of social spending.

"Now we face a real catastrophe: it's impossible to speak with any managers or directors without them asking, 'How are we to survive through the winter?' And they are right.

"We are consuming our resources – of hard currency and of oil. Yet we need resources to reform – and we in Russia intend to reform, we will reform. A collapse in the winter would stop it. But if we were sure that we would get humanitarian aid from the west, then we would start reform now."

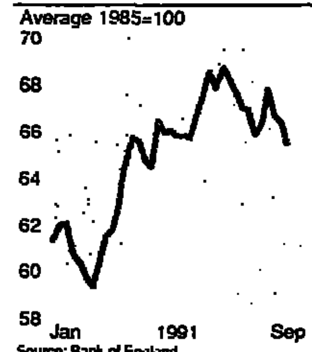
The minister said his experience on the Committee for the Management of the National Economy had shown him that the non-Russian republics would seek to delay the introduction of reforms in Russia because of their desperation to preserve the system of subsidies on their energy and raw materials.

"The republics would not allow us to carry out our structural reforms ... they say the economic links with Russia must be kept as they are."

● The Soviet republic of Tajikistan, in Central Asia, yesterday became the latest republic to declare independence, leaving only Russia, Kazakhstan and Turkmenistan not to have done so.

Soviet break-up, Page 2

Dollar Index



Dollar hit by rate cut speculation

By Patrick Harverson in New York

EXPECTATIONS of an imminent cut in US interest rates led to renewed heavy selling of the dollar yesterday.

After losing ground against leading currencies late last Friday, the dollar ran into another wave of selling when trading in Japan and Europe reopened yesterday. US markets followed and by early afternoon in New York the dollar was down more than 2 pfennigs from Friday's close at DM1.6920, and down almost 4 cents against the pound at $1.7350.

International investors and currency dealers are selling the dollar because they believe the Federal Reserve, the US central bank, may soon heed calls from the White House for lower interest rates.

The authorities may delay any move until the end of this week when the latest inflation figures are released. If they show inflationary pressures have continued to ease, the Fed could give the economy a fillip with a half point cut in the discount rate to 5 per cent.

Lex, Page 16; Currencies, Page 36

Dutch support temporary concessions on Emu goals

By Andrew Hill in Brussels

THE NETHERLANDS, which holds the presidency of the European Community, said last night it favoured making temporary concessions for countries which failed to meet the tough economic targets which are expected to precede the final stage to European monetary union (Emu).

Mr Wim Kok, the Dutch finance minister, said "derogations" for economic stragglers was preferable to a "two-speed Europe" in which the economically strong moved towards a common currency faster than the weaker members.

"Throughout the progress of convergence we would like to keep the group as tightly knit together as possible and if some country lacks the strength or the power because of economic performance, we should create conditions where such a country could be allowed to catch up later," Mr Kok said.

He was speaking after a meeting of EC finance ministers in Brussels, in which Italy dismissed earlier Dutch proposals on Emu as "unacceptable". Mr Guido Carli, Italian treasury minister, told fellow ministers that Italy was in deep disagreement with the unofficial treaty proposals put forward by the Netherlands.

Mr Kok later said he had not approved the earlier Dutch paper, which he said carried "no political status". The Netherlands will put forward a formal draft treaty next month.

The earlier paper had suggested that economic convergence in the transitional second stage of Emu should precede monetary union. Italy objected, mainly because it is worried that it will not meet the economic requirements.

Mr Jacques Delors, president of the European Commission, also attacked the Dutch paper, which he fears would split the community into economic leaders and laggards and encourage a slow, two-speed move to monetary union. Mr Delors said such an approach would be politically unacceptable.

There was disagreement on how to progress to monetary union, but there appeared to be a consensus among finance ministers that the decision on whether to take the final step should be made on a Community-wide basis. Mr Norman Lamont, UK chancellor of the exchequer, called for a unanimous decision on whether to move to stage three, which under the Dutch plans would include the establishment of a European central bank.

The Dutch presidency of the European Community wants to boost the powers of the European Parliament, giving it the right to veto almost all EC legislation by the 12 member states. The proposal is contained in an unpublished working document likely to be put to the inter-governmental conference on political union currently trying to forge agreement on changes to the Treaty of Rome. Page 16

CONTENTS

Argentine electorate shows approval of economic reforms

Argentina's voters delivered at the weekend their verdict on the economic reform programme of President Carlos Menem's government: they showed that they like it

Page 15

MARKETS

STERLING
New York lunchtime: $1.7345
London: $1.73 (1.698), DM2.9325 (2.94), FFr9.9725 (9.985), SFr2.575 (2.5875), Y233.5 (231.0), £ index 91.5 (91.0)

GOLD
New York: Comex Dec $355.2 (353.4)
London: $351.45 (348.6)

N SEA OIL (Argus)
Brent Oct $19.875 (20.175)

Chief price changes yesterday: Page 17

DOLLAR
New York lunchtime: DM1.691, FFr5.752, SFr1.485, Y134.7
London: DM1.6955 (1.7315), FFr5.765 (5.88), SFr1.5235 (1.5235), Y134.9 (136.1), $ index 65.4 (66.3)
Tokyo close: Y135.35

US LUNCHTIME RATES
Fed Funds: $5\frac{9}{16}$
3-mo Treasury Bills: 5.45
Long Bond: $101\frac{13}{32}$
yield: 7.994

STOCK INDICES
FT-SE 100: 2,653.2 (-14.2)
FT Ordinary: 2,088.6 (-5.0)
FT-A All-Share: 1,278.85 (-0.4%)
New York close: DJ Ind. Av. 3,002.91 (-8.72), S&P Comp 388.14 (-0.96)
Tokyo: Nikkei 22,573.98 (-118.62)

LONDON MONEY
3-month interbank: $10\frac{1}{8}$ ($10\frac{1}{4}$)
Liffe long gilt future: Dec $95\frac{11}{32}$ (Dec $95\frac{1}{16}$)

THE SOVIET BREAK-UP

Economic reform plans jostle for approval

By **John Lloyd** in Moscow

THE times may have changed but the Soviet habit of approaching economic reform crabwise rather than head-on has not.

No fewer than three teams are now working on a programme which would provide the basis for the Inter-Republican Economic Committee – which will soon take over the functions of the Union ministries, for which there is still a need.

The purpose of the plans is to define under what terms the republics can co-operate. All three schemes accept that the republics are not necessarily part of a political union, and that they, rather than an autonomous and powerful centre, should be in charge of their mutual affairs.

Beyond that they differ radically, and in their difference lies the core of the debate about the future, or lack of future, of the Soviet Union.

Under one plan a loose Union is proposed, seeking to accommodate states pulling away from the centre but still reluctantly yoked together by economic backwardness; while under another there would be common budgetary, monetary and fiscal policies, and common bodies with real power.

At the poles of the debate are two former collaborators: Professor Stanislav Shatalin, an author of the 500-day plan for reform, turned down last year by the Soviet government, and his then collaborator, Mr Grigory Yavlinsky, now a member of the Committee for the Management of the National Economy.

Between them is a compromise plan drawn up by Mr Yevgeny Saburov, the Russian economics minister, whose academic career was spent in the same Central Mathematical Institute in which Prof Shatalin has worked for many years.

Prof Shatalin has proposed as permissive a structure as could be imagined.

He has drawn up a convention on the creation of an economic community: it has three levels of membership – full, associate and observer – and is open to the east European states whose economies were so closely integrated with those of the Soviet Union through Comecon.

He lays most emphasis on developing and sustaining market relations within each participating state and among them. One of the few unambiguous obligations of full membership is to "give legal guarantees to private enterprise and render all assistance to its development".

Grigory Yavlinsky (left) and Stanislav Shatalin: former colleagues turned economic adversaries

Further, the members must guarantee – at least after a transitional period – free flow of goods between them and should all adopt similar, anti-monopoly guidelines. However, they need not all have the same currency, though those which do would form a banking union in which the central bank of each republic would participate, functioning as a type of Union central bank.

Agreements would be supervised by a Council of the Union, whose chairman would rotate among republic leaders every six months. Under this would be an economic committee, with a chairman and deputy chairman elected on four-year terms, which would do much of the work.

Supplementing these would be a court of arbitration and a development bank for inter-republican investment.

Mr Yavlinsky's version is uncompromising: there must be a strong and coherent economic union. The state bank would be preserved and would have the full powers of a normal federal reserve bank over money and credits.

A single currency would be preserved at least until the rouble was made convertible. The importing of goods would be under the control of the central authorities, as would the servicing of foreign debt.

This plan, unveiled last Thursday at the State Council – currently the supreme Union executive body – has not yet been publicly revealed in detail. But Mr Yavlinsky has not departed far from the ideas he developed in the Window of Opportunity programme he drew up in May with scholars from Harvard University, in which he called for a unified market and a commn legal and monetary framework as a necessary precondition for reform.

Mr Saburov's proposal, drawn up with Mr Alexander Granberg, chairman of the Supreme Soviet's committee of inter-republican relations, draws from both plans. He too sees the possibility of the former Comecon partners' participation in the new union, but he lays greatest stress on the need to liberalise prices, albeit in a phased manner.

First, he says, the trade between republics should be priced at "contract" prices – that is, at prices agreed between buyer and seller but "set with a view to world prices".

In other words, Mr Saburov's plan – described by Mr Ivan Silayev, the prime minister, as the most Russian of the variants – would capitalise on Russia's advantage as the producer and exporter of most energy resources, by moving the price of these resources sharply higher.

The plan sees the need for common infrastructures in energy, transport and communications, together with a co-ordinated tax policy and social security systems.

In the short term, however, the worst of the economic crisis should be mitigated by preserving the administrative links between enterprises, reducing republic budget deficits by cutting social programmes, and ending all forms of barriers on the transportation of goods across republic boundaries.

If Mr Silayev's plan is the most Russian, Mr Yavlinsky's is the most international, since it best answers the fears of western governments and investors that there will not be a coherent centre with which to negotiate.

Professor Shatalin's scheme is the most republican, playing to the independence lobby and has already been well received by many republican representatives.

In a week it should be known which plan is considered the strongest.

EC seeks gradual links with Baltics

By **David Buchan** in Tallinn

MR Frans Andriessen, European Community external affairs commissioner, yesterday told ministers from the three newly-independent Baltic states that the EC wanted relations with them to develop "step by step".

He said Estonia, Latvia and Lithuania must settle for a first-generation agreement on trade and economic co-operation, which would help them restructure their economies, before they could obtain the formal association with the EC to which they aspire.

The Community was "prepared to enter into contractual relations with you as soon as possible, but this must be done step by step," Mr Andriessen said. EC officials told Baltic ministers that their countries could get a share of the Ecu400m (£279.2m) technical aid earmarked by Brussels for the Soviet Union this year, but that they must present projects on which it could be spent.

Baltic leaders placed more emphasis on asking for aid than for concessions on their trade, which they accept will stay intertwined with Soviet republics for some time.

The only jarring note came when an Estonian minister asked for special textile quotas in the EC market, and was told by an embarrassed Mr Andriessen that the Baltics would be better advised to find eastern markets for such goods.

The EC is already struggling to give central European textiles a better deal in the context of association status for Poland, Hungary and Czechoslovakia.

Mr Ivars Godmanis, the Latvian prime minister, responded to EC cautioning not to move too fast by saying the Soviet Union's recent inflationary practice of printing roubles to cover its budget deficit reinforced the need for the Baltic states to adopt new national currencies.

He surprised his EC audience by claiming that, even at realistic prices for Russian energy, the Baltic states had an effective trade surplus with the Soviet Union, because they produced relatively more finished goods with a higher added value. No Baltic state had a budget deficit, Mr Godmanis added.

EC officials go on to Riga and Vilnius later this week, but it is already clear the new states look to Brussels for help with currency creation and stabilisation, as well as technical aid in running market economies.

Mr Andriessen said he thought the Baltic states should crown whatever trade co-operation they could agree on "with a very strong framework of monetary co-operation", as the EC was doing.

Mr Maris Gailis, Latvian trade minister, said his country needed a special short-term credit for "machinery for printing money, and for security paper for passports and shares as well as currency". This might come from the EC, or perhaps from the International Monetary Fund or the European Bank for Reconstruction and Development, which the Baltic states hope to join soon.

"We also need new uniforms for police and border guards," the minister said. At the moment western banks only recognise the credit guarantee of Vneshekonombank, the Soviet foreign trade bank, which is no longer applicable to the free Baltics.

● Cuba yesterday recognised the independence of Estonia, Latvia and Lithuania, Reuter reports from Havana.

A Foreign Ministry statement said the communist-ruled island was ready to establish diplomatic relations with the three states and hoped they would be ready to co-operate and strengthen ties with Cuba.

West's crusade on civil rights wins new convert

By **Mark Nicholson** in Moscow

THE SOVIET Union no longer considers foreign concern over human rights issues to be interference in its domestic affairs, Mr Vladimir Petrovsky, deputy Soviet foreign minister, said yesterday, effectively burying 70 years of stonewalling the west over civil rights issues.

Mr Petrovsky's remarks came as foreign ministers from 35 countries arrived in Moscow for today's opening of the Conference on Security and Co-operation in Europe's meeting on the Human Dimension in Moscow. It is the first internationally acknowledged human rights conference on Soviet soil in seven decades.

The foreign ministers' first action today will be formally to admit the Baltic states of Lithuania, Latvia and Estonia as full members of the CSCE.

Mr Petrovsky's declaration was clearly designed to present today's conference with the Soviet Union's most liberal, western face after a long controversy over whether the meeting should be hosted in a country with an appalling disregard for human rights.

His remarks were immediately hailed by the US delegation to the meeting. Mr Steny Hoyer, chairman of the US group, called the statement "a radical change consistent with the radical changes now in this country", adding "if our delegation had heard no other assertion, that alone would have made our visit a success".

Mr Hoyer said his delegation had visited the three Baltic states, Armenia and Georgia over the past six days and found respect for human rights to be "radically better than ever in the lifetime of any member of the delegation".

However, asserting that observance of human rights in the Soviet Union was "better, but not perfect", he said his delegation would present to the conference a list of 100 people he claimed had been deprived of exit visas for "arbitrary reasons".

The delegation would also raise the question of remaining political prisoners in Russia, which the US State Department believes now number fewer than 10.

In an indication that human rights in the Soviet republics could dominate proceedings over the next month, Mr Hoyer strongly criticised Mr Zviad Gamsakurdia, president of Georgia. He said the US delegation left the republic "very depressed" at the president's attempts to stifle opposition and consolidate power.

Down but not out: The slogan 'Elect Gorbi' on a depiction of Soviet President Mikhail Gorbachev, drawn by pavement artists in Berlin, illustrates the continuing support for the troubled leader

Envoys deployed on aid missions

PRESIDENT Mikhail Gorbachev is sending two top envoys to Germany and the Middle East to seek economic help, in a clear sign the Kremlin is increasingly worried about shortages this winter, Reuter reports from Moscow.

Mr Vitaly Churkin, a Foreign Ministry spokesman, said yesterday that Mr Gorbachev would send Mr Alexander Yakovlev to Germany and Mr Yevgeny Primakov to six countries in the Middle East.

"The aim of the visits is to see what can be generated in terms of co-operation with these countries in order to alleviate the economic situation in the Soviet Union," he later told reporters.

"We'd like to ensure we have done all we can in order to alleviate the possible hardships as we look [ahead] to the difficult and long winter."

Tass news agency earlier announced that Mr Primakov – Moscow's peace envoy in the build-up to the Gulf war – would leave today for Egypt, Saudi Arabia, the United Arab Emirates, Kuwait, Iran and Turkey.

An emergency committee was formed on Saturday to try to overcome a "catastrophic situation" and guarantee that basic food supplies reach the Soviet capital. The head of the committee said supplies were so poor and agriculture around the city in such a state it was possible Moscow could be without reserves of potatoes this winter.

Mr Churkin, who denied suggestions the envoys were on purely aid-seeking missions, said co-operation was needed in food supplies and distribution as well as supplies of medication. "Maybe there are other things which could help improve the situation," he added.

Last year many western countries sent food aid to the Soviet Union to overcome shortages, with Germany playing a leading role.

Communists consider rebuilding banned party

MEMBERS still loyal to the disgraced Soviet Communist party discussed at an illegal underground meeting in Moscow at the weekend plans to rebuild and rename the organisation, Tass news agency said yesterday, Reuter reports from Moscow.

The agency said delegates from Moscow, several Russian cities and Ukraine attended the meeting at which some organisers proposed renaming the party "the Union of Communists".

The Soviet parliament has suspended all Communist party activity pending investigation of its role in last month's failed coup. The party has been banned outright in several republics.

"We do not want to revive the former Communist party of the Soviet Union which was fully discredited by its leadership's policy," a member of the clandestine organising committee told Tass.

"But we favour the prompt legalisation of the Communist party, which can become a major factor in stabilising the social and political life in the country."

As post-independence euphoria fades, concern grows over Polish and Russian rights

Minorities offer acid test of Lithuanian democracy

By *Gillian Tett* in Vilnius

AT THE Central Russian Language School in Vilnius a yellow, green and red Lithuanian national flag is flying – a small sign that some Lithuanian Russians, at least, want to be seen supporting the republic's newly-won independence.

But as independence celebrations die down, the Lithuanian leadership's treatment of its 17 per cent Polish and Russian minority looks likely to be an acid test of its attempt to implement western-style democracy.

There are fears, not only among Lithuania's minority but also political factions opposing Mr Vytautas Landsbergis, the Lithuanian president, that the wave of post-coup recriminations, coupled with now-triumphant Lithuanian nationalism, will hamper political reform in the most volatile of the Baltic republics.

"We may have got independence here, but we haven't got democracy yet," said Mr Aviset Brodawski, Polish head of the Vilnius regional council. He was sacked on Friday when the Lithuanian parliament dissolved the local councils in two Polish-dominated regions of Lithuania – they had demanded autonomy – and threatened to impose direct rule.

Lithuanian officials say the suspension of the largely Polish councils is a temporary measure while six council leaders are investigated for allegedly supporting the Moscow coup attempt.

But Polish deputies of the Lithuanian parliament say they are victims of a new wave of animosity. Unlike the Russian minority, which arrived in Lithuania after Soviet annexation, Poles have lived there for centuries and consider parts of Lithuania rightfully theirs.

The raising of the minorities issue so soon after Moscow's recognition of Lithuania's independence could prove embarrassing to the Lithuanian leadership, not least because the latest round of foreign delegations visiting Vilnius include a group from Helsinki Watch, the international human rights organisation.

Mr Gerald Nagler, secretary of the Helsinki Watch, attending a congress in Vilnius said: "We want to make clear that the republics coming out of the Soviet Union should be aspiring to CSCE standards for human rights."

Other delegates said they hoped to investigate allegations that some Nazi criminals have been rehabilitated, as the Lithuanian government re-examines the cases of thousands of Lithuanians deported by the Soviets on mostly false charges of Nazi collaboration after the Second World War.

Mr Audrius Azubalis, Lithuanian presidential spokesman, and leaders of the Lithuanian Jewish community have denounced the allegations, suggesting they were deliberately raised to discredit Lithuania's forthcoming application for UN membership. Lithuania also hopes to join the CSCE; a Baltic delegation is attending the human rights conference starting in Moscow today.

The accusations and counter-accusations underline the bitterness surrounding the current reassessment of Lithuania's history.

"We are so worried about the wrongs and rights of the past that we hardly have time to think about our political future," said Mr Brodawski.

As evidence of the desire for a genuine multi-party democracy, Lithuanian leaders say they wish to hold elections soon.

Mrs Kazimiera Prunskiene, the former prime minister who now forms a possible focus of parliamentary opposition to President Landsbergis, announced on Saturday that she might be forming a centrist party in October, as an alternative to the ruling political movement which grew out of the nationalist Sajudis.

But in the latest round of mud-slinging after the failed coup in Moscow she accused the Lithuanian Nationalist party – which has accused her in the past of being an agent of Moscow – of harbouring "putchists and even KGB officials" in the ranks of the current government.

The two branches of the Lithuanian communist parties have both quietly faded from view since they were banned by the Lithuanian government following the coup. Similarly the pro-union, communist-backed Yedinstvo movement, which drew most of its support from the 9 per cent Russian population, has closed its headquarters. Its leaders are all reported to be away from their homes.

Only a small proportion of the Russian population seems to have openly supported Yedinstvo in its anti-independence campaign. But some Russians are now bitter at the turn of events.

"If Lithuania says it is a democracy, it should let all the parties operate, including the Communist party," said one Russian ex-party member who declined to give his name. He pointed out that with the demise of the Communist party and Yedinstvo, the 335,000 Russians in Lithuania, who generally work in large industrial enterprises, were left without a party to represent their interests.

As yet there is no evidence of a mass Russian exodus from the republic. The Lithuanian citizenship law is more liberal than that proposed in neighbouring Latvia, since it gives citizenship to all inhabitants of Lithuania, including recently arrived Russians.

Indeed, more than half of the Russians and Poles in Lithuania are estimated to have voted for independence in a referendum held in February 1991, many in the belief that economic conditions would be better for them in an independent republic than in the crumbling Soviet Union.

Lithuanian politicians realise their attempts to build a politically stable state will hinge on whether these hopes for economic prosperity can be realised in coming months.

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THE SOVIET BREAK-UP

President plans to break military control over ministry

Gorbachev to tighten grip on defence

PRESIDENT Mikhail Gorbachev plans to break military control over the Defence Ministry following August's attempted coup and bring it more securely under his command, a top Soviet military leader said yesterday, Reuter reports from Moscow.

Armed forces chief of staff General Vladimir Lobov told Pravda newspaper that Soviet defences faced radical reform with the collapse of central Kremlin authority and the rise of the republics. But the armed forces must retain a united structure and firm central command over nuclear weapons.

"The central Ministry of Defence as well as the republican ministries should be purely civilian structures converging on the president himself via the cabinet," said Mr Lobov, appointed as part of a purge after the coup.

"The general staff should deal entirely with military affairs; the ministry should co-ordinate the activity of equivalent republican authorities and resolve general defence matters," Mr Lobov told Pravda.

The Defence Ministry has traditionally been under the firm control of the military, its minister drawn from the ranks of the high command. But the involvement of senior officers, including defence minister Dmitry Yazov, in the August coup has raised calls for strict political controls on the army.

The 4m-strong force that alarmed the west throughout the Cold War is now causing more worry at home.

After the coup collapsed, Mr Gorbachev, alarmed by the scale of connivance among generals, announced an 80 per cent clean-out of the top leadership, while paying tribute to army and air force units he said had refused to obey orders.

The sight of tanks around the Kremlin and outside government buildings stirred fear far beyond Moscow. Republics negotiating terms for a new confederation to replace the centralised Soviet Union are seeking guarantees against any future Soviet army interference.

Mr Lobov said representatives of the Defence Ministry would work inside the general staff and a deputy commander of that military body would be placed in the ministry.

"Thus we see mutual interaction, mutual control and the president is informed by two channels. Such a system would scarcely have been possible before the August events," he said.

Mr Lobov said the armed forces should be converted into a more specialised, professional body. "We will start reform from from the lowest links – the unit, the division," he said.

But dissatisfaction may be highest among officers. Tens of thousands lack accommodation and facilities for themselves and their families as troops are withdrawn from eastern Europe.

The interim State Council, the country's highest executive body, set up by parliament last week, discussed officers' pay as the second item on its agenda at its initial meeting on Friday.

The first item granted independence to the three Baltic republics, delivering another blow to conservative elements in the military command who had argued that Lithuania, Latvia and Estonia were indispensable for the defence of the Soviet Union.

Peope rally in downtown Baku against Azerbaijan's single-candidate presidential election held at the weekend. Mr Ayaz Mutalibov was duly elected.

Mao's memory lingers on amid the tourist tat

The chairman's thoughts remain unburied, reports **Yvonne Preston**

EVERYWHERE the icons of communism are collapsing – except in Beijing, where the ultimate icon of Chinese communism, the embalmed body of Mao Zedong, lies in state in its crystal sarcophagus.

Lenin is to be removed from the marble mausoleum on Red Square in Moscow and buried in Leningrad, but China's leaders cannot bury Mao until they bury Mao's thoughts, and they are a long way from doing that.

Writing in the Communist party newspaper, the People's Daily, Yang Dezhi, former chief of staff of the army, said today: "Although he has stopped breathing, Chairman Mao has left behind glorious achievements and a mighty ideology. These achievements will be remembered by history, and time can never extinguish his thoughts".

Mao died 15 years ago yesterday, on September 9 1976. Work began on a memorial hall in Tiananmen Square to house his remains early the following year.

Since the hall was opened to the public in September, 1977, 67.5m people have paid their respects, according to the People's Daily.

The huge square pile rises exactly on the old central axis running through the Forbidden City, which was designed to carry the eye through gate *after gate. Jonathan Spence, in* his book The Search for Modern China, says the style conveyed the central force of imperial China spreading through the city and beyond the outer wall to the people of the whole country.

"The shrine for Mao's embalmed corpse now forms a permanent barrier to that vision," Spence says.

Giant queues to see the body stretched across Tiananmen Square yesterday. Admission was free for the anniversary. "Please take off your hat and keep quiet," visitors are advised before entering past a white marble statue of Mao.

The sombre mood swiftly gives way to commercial clamour on the steps of the mausoleum, where a clutch of souvenir stalls at its rear sells some of the world's tackiest souvenirs. They include Chairman Mao memorial hall shopping bags, Chairman Mao memorial hall sun-hats, and little toy cameras displaying miniature pictures of the hall and the chairman's corpse.

Mao's mausoleum is big business – the kind of bourgeois operation which he would have firmly rejected, although this fact is not always readily acknowledged *today*.

Rejecting the idea that Mao was a feudalist, carrying out a closed-door policy, the Economic Daily said: "He spared no effort to urge equal and mutually beneficial economic contacts with foreign countries, including western capitalist countries."

The claim is almost as far *from the truth as the fantasy* of Deng Liqun, former politburo member and ideological hard-liner, who told the semi-official China News Service that the last two years had witnessed a "Mao craze" among young people.

Lithuanians in army talks

LITHUANIAN officials are today flying to Moscow for talks with Mr Yevgeny Shaposhnikov, Soviet defence minister, about the full withdrawal of Soviet army troops from Lithuania, in the latest move by the Lithuanian leadership to achieve full control over their territory, writes Gillian Tett from Vilnius.

Mr Audrius Butkevicius, head of the Lithuanian National Defence – Lithuania's *fledgling* defence force, which *is* masterminding the Soviet army's pull-out – said he hoped the talks would provide a full timetable for the withdrawal of the estimated 90,000 Soviet troops in Lithuania.

Earlier in the day, a Lithuanian presidential spokesman said Soviet military commanders had announced that more military trucks would be leaving north Vilnius barracks this week and Soviet air force planes would leave the Kaunus air base.

It was not clear if these withdrawals were permanent and whether they involved anything more than a token number of military personnel.

Communications between the Baltic Soviet military command and Lithuanian leaders have been *strained* at best and non-existent at worse in recent months.

However, Mr Butkevicius insisted that the small military movements did not mean that a full withdrawal had started yet or that a formal agreement had been signed between Moscow and Lithuania.

Tajikis declare independence

THE Central Asian republic of Tajikistan declared independence from the Soviet Union yesterday and called a presidential election for October 27, AP reports from Moscow.

The independence declaration by a special session of the republic's parliament was largely symbolic, given the decision last week to transform the Soviet Union into a loose confederation *of sovereign states.*

"We can't lag behind other republics. Everybody is declaring independence so we are as well," said Mr Aleyev Abdodezhabad, a parliamentary spokesman.

Tajikistan, a largely mountainous republic bordering China and Afghanistan, is the eighth of the remaining 12 Soviet republics to claim independence.

Tajik lawmakers, meeting in the republic's capital of Dushanbe, also declared September 9 to be a national holiday known as Independence Day, and they renamed Lenin Square, in central Dushanbe, Freedom Square.

The independence resolution, according to Tass news agency, also said Tajikistan had a right to a share in Soviet gold, diamond and hard-currency funds and would pursue its own financial, credit and pricing policies.

Tajikistan became part of the Soviet Union in 1924, after having been ruled by Mongols, Uzbeks and Russians since the 13th century. Most of its 5.1m residents are Sunni Moslems, dependent on agriculture, mining and some industry.

Soviet hopes are pinned on Germany

But the Germans are wary of taking on reconstruction alone, reports **Andrew Fisher**

WHERE there's a church, there's a priest. Where there's a machine, there's a German.

After the abortive Soviet coup, this Russian saying has an added poignancy. It makes clear that when the Soviets look westwards for help, advice, and inspiration, Germany is first in their sights. Industrial co-operation is high on the list of topics being discussed by Mr Hans-Dietrich Genscher, Germany's foreign minister, on his current visit to Moscow.

Mr Raimund Hörth, head of the eastern trade office of Germany's engineering industry association, used the above words as a reminder of the long-standing trade and economic links between the two countries. "The Germans partly financed and partly built the Soviet railways before the First World War," he said. "A lot of the equipment in the Soviet vehicle industry came from Germany."

Now that the Soviet Union desperately needs help to rebuild its crumbling economy, German banks and industry are again ready to make the most of their vital business links with the east. But in the present dire uncertainty, they are wary of investing or entering into joint ventures. Much will depend on how Moscow's relations with the republics, now straining for independence, develop.

German companies have historically played a big role in Soviet industry. For instance, Lurgi, part of the Frankfurt-based Metallgesellschaft group, has won 80 industrial plant contracts there since 1925.

So it is not surprising that the Soviet Union pins great, if largely undefined, hopes on extended economic co-operation with Germany. Nearly 40 per cent of all western machinery exports to the Soviet Union come from west Germany. Schiess, a machine tool company also owned by Metallgesellschaft, has done business there for 115 years and is a big minority owner in the country's first big shareholding company, Sedin, producing tools near the Black Sea.

But sadly, and undeniably, such links came under severe strain as the Soviet economy's rigid controls gave way to an unstable mixture of half-hearted liberalisation measures, hesitant reforms, and a lack of decision-making ability. German companies complained of increasing payments delays, now totalling more than DM2bn ($1.1bn), lack of new business – Lurgi has been without a new Soviet order since 1988 – and a hopeless confusion of responsibility among central government, the republics, and local plants.

That confusion could well increase, at least in the short term. Yet beyond the immediate and acute problems, there is a clear awareness among German businessmen, bankers and politicians that their country has a key role to play in the future development of the Soviet Union and its republics.

Just how this role unfolds will depend on what steps Soviet politicians, economists, and managers are prepared to take to move the economy (or economies) from rigid state control to a free-market *system* for their country's own economic salvation.

It will also hinge on the response in the west, notably in the US.

But if the Soviets do adopt the right political and economic policies, believes Mr Georg Krupp, the director responsible for eastern Europe at Deutsche Bank, Germany's *largest bank*, "*the German* contribution can be huge – in sectors like machinery, energy, railways, and many others". But he stresses that the ultimate aim of co-operation and assistance from the west must be to enable the Soviets to help themselves.

Before German unity and Comecon's collapse, the former East Germany was the Soviet Union's largest trading partner and West Germany its biggest in the west. About 40 per cent of East Germany's trade was with the Soviet Union, against less than 2 per cent of West Germany's.

German banks have plenty at stake: their present unsecured export financing loans to the Soviet Union total DM10bn, while those backed by export guarantees exceed DM12bn.

The Bonn government has tried desperately to push the Soviet Union into buying more goods from east Germany. The flow of engineering, shipbuilding, and other orders from the Soviets which kept much of east German industry busy has mostly dried up.

Even if the Soviet Union does buy more machinery from east Germany, though, it is the sophisticated skills of west German industry that will increasingly attract Soviet interest. Many west German companies, aware of the vast industrial, energy and agricultural potential to the east, are willing to do business if the conditions are right.

Extracting raw materials, in which the USSR is rich, is also a costly business for the Soviets. With their expertise in plant construction and power transmission, German companies can play a big role in the future development of Soviet energy, its largest export. Ruhrgas's purchases of natural gas makes it the Soviet Union's biggest export customer.

But the Soviet Union's economic needs go far beyond such activities. Because of a lack of money, upkeep and investment have been neglected so that yields from existing Soviet oil fields are falling, while new developments, especially in Siberia and the Arctic, will require massive spending.

Whatever their potential contribution, the German companies do not want to take on the lion's share of responsibility for helping Russia and the other republics to rebuild their economies. "The job is too big for Germany to do alone," says Mr Otto Storf, a Deutsche Bank economist.

Trial for rapid-deployment force begins today

Nato's multinational division makes debut

By **David White**, Defence Correspondent

PART OF Nato's new rapid-deployment force begins its first practical trial today, barely three months after allies agreed on a post-Cold War reorganisation involving multinational troop formations.

British, German and Belgian troops will carry out an evaluation exercise for the Multinational Airmobile Division in northern Germany, in a sharply reduced series of Nato autumn manoeuvres.

The idea of a four-nation airmobile division, relying on helicopters to provide transport and supporting firepower, was first put forward in 1988 as an operational reserve for Nato's Northern Army Group.

The division is now seen as a key element in the new Rapid Reaction Corps to be set up under Allied Command Europe. Expected to be about 15,000-strong, it is due to incorporate troops from the Netherlands as well as the other three countries.

It is designed to be able to deploy quickly to a range of up to 120km and to sustain itself in battle for 48 hours. The aim of the exercise is to try out the concept using existing units – UK and German airmobile brigades and Belgium's "para-commando" regiment.

Still to be resolved is the delicate question of who will command the new division. The trials are being held under the command of Major General Michael Rose, commander of the UK's 2nd Infantry Division and a former director of special forces.

However, UK leadership would mean that three of the four divisions planned for the Rapid Reaction Corps, as well as the corps itself, would be headed by British officers.

The idea of British-led corps is understood to have come from US General John Galvin, Nato's supreme commander in Europe. But the high profile assumed by the UK caused discomfort among German officials when plans for the new force were drawn up in May. Apart from its role in the airmobile division, the UK is to provide a German-based armoured division and a UK-based mechanised division backed up by paratroops and, if necessary, Royal Marine commandos.

A fourth division is due to be formed by southern European Nato allies.

The airmobile trial is part of Exercise Certain Shield 91, involving about 28,000 allied troops.

In order to reduce the nuisance to civilians, numbers of vehicles and helicopters have been sharply reduced from previous levels, and no tanks will take part.

In line with Nato's efforts to stop identifying the Soviets as the enemy, the troops opposing Nato's "blue" forces are no longer designated as "red" or "orange" but as "gold forces".

Moves to tighten curbs on biological warfare research

DIPLOMATS and scientists from more than 100 countries met in Geneva yesterday to try to strengthen a 1972 convention banning the development and use of biological weapons, Reuter reports from Geneva.

But officials from several delegations said the west was split on the future of the accord and there was little hope of agreement on the key issues of inspection and verification.

The three-week conference was overshadowed by fears that up to a dozen states, including some signatories of the convention like Iraq, might be trying to develop the ability to make biological weapons.

Ms Tessa Solesby, the British delegation chief, told a news conference the accord, which 118 countries have now joined but which provides no specific machinery for verification, "has weaknesses and needs strengthening".

She said she hoped the Geneva meeting, the third review since the convention went into force in 1975, would agree to set up a group of experts to examine whether an effective system of control could be established.

But diplomats said other delegations, in particular the US, believed there was little point in improving the convention and preferred to focus on increasing co-operation against the spread of biological weaponry. US officials have left no doubt that they oppose a formal accord on measures to check compliance with the convention, arguing that biological warfare research is too easy to hide.

They say this was illustrated by what they regard as the inconclusive results of a visit by a United Nations inspection team to Iraq, widely regarded as retaining germ war capacity. Western officials say they believe at least 11 countries may be working to acquire biological weapons.

The convention, a product of the east-west détente period of the early 1970s, was signed in Washington, London and Moscow in 1972.

But it did not specifically define what constitutes a biological weapon, did not ban research on agents and allowed signatory states to possess unspecified quantities to be retained for protective or peaceful purposes.

The US and other countries insist that this remains essential for research into antidotes and vaccines to protect troops and civilians in advance of a potential bacteriological warfare attack.

Croatia to step up weapons production

By **Laura Silber** in Belgrade

THE breakaway republic of Croatia will step up the production of weapons in a move aimed at defending its sovereignty, a senior Croatian official said yesterday.

Croatia will strengthen its defences while adhering to "peaceful politics agreed with the European Community", Mr Zdravko Tomac, the vice-president of Croatia, said in Zagreb, the republic's capital.

Speaking to reporters, Mr Tomac said Croatia will produce its own weapons "to defend ourselves more efficiently while there is an arms embargo [in effect since last May]".

Amid intense civil defence preparations in Zagreb, Mr Luka Bebic, Croatia's defence minister, warned that the republic would go on the offensive if EC efforts failed to bring peace.

Windows are already boarded up and sandbags are piled around the city, while the local population now fears an imminent attack by the federal army and Serbian rebels.

Despite continued fighting in several Croatian towns, five EC monitors yesterday were deployed to Osijek, the capital of eastern Croatia, in order to try and secure an EC-sponsored ceasefire.

The monitors' safety has been guaranteed by Croats, Serbs and the federal army.

However, Tanjug, the Belgrade-based Yugoslav news agency, reported that fighting was taking place in Bijelo Brdo and Sarvas, villages just 10 miles east of Osijek.

For the second consecutive day, Croat security forces and Serb militants clashed in the town of Kostajnica, 50 miles south-east of Zagreb.

Fighting was also reported around Okucani, where the violence for the past eight days has blocked the motorway between Zagreb and Belgrade. Croat leaders yesterday greeted the results of a referendum held in the southern republic of Macedonia where 74 per cent of the registered 1.3m voters cast their ballot in favour of independence.

Macedonia plans to seek full independence only if Slovenia and Croatia break away. Ethnic Albanians, who make up about 30 per cent of the population boycotted the referendum.

A couple shopping in Osijek during a break from duty in the Croatian National Guard

Romania hopeful for currency plan

By **Nicholas Denton**, recently in Bucharest

THE expected relief this autumn of a multinational credit line will allow Romania to introduce partial currency convertibility, according to the head of the country's central bank.

However, repeated delays to a $1bn loan from the Group of 24 developed countries has added to the risks inherent in the move, Mr Mugur Isarescu, governor of the National Bank of Romania, said in an interview.

"This autumn we will have internal current account convertibility," the official said.

He added that the government was committed to unify the present dual exchange rate.

Obstruction this year from the US had severely delayed the G-24 credit which, with an SDR759m ($567m) financing package from the International Monetary Fund, was to have underpinned the approach to convertibility of the lei, the Romanian currency.

Deprived of the funds, and suffering from a $3.25bn current account deficit last year, the central bank's foreign exchange reserves have fallen to about $50m.

As one of the conditions of the IMF loan, agreed in the spring, Romania has promised to raise its reserves to $1bn.

"We move towards convertibility without a stabilisation fund. That is very risky," said Mr Isarescu.

"With a crisis in the balance of payments, it is a real adventure."

He joked that he had jumped off a diving board in the uncertain hope that there would be some water in the pool by the time he reached it.

There is a danger that devaluation could intensify the vicious spiral of cost-push inflation, according to Mr Isarescu.

That would threaten to raise even further Romania's inflation rate, already dangerously high at 170 per cent.

A devaluation of the official exchange rate would sharply increase the costs to importers of raw materials and energy, and they might have to pass much of the higher prices on to consumers.

Deliveries of raw materials and energy are calculated at the official conversion rate of 60 lei to the US dollar. The new unified rate is likely to be closer to the present inter-bank level, which fluctuates near 200 to the dollar.

From last month, free exchange was allowed at the inter-bank rate, a move which wiped out much of Romania's notorious black market in currency.

The restriction which remained was that exporting companies had to cash half of their hard-currency earnings at the official rate.

French back new phase of nuclear arms talks

By **Ian Davidson** in Paris

FRANCE yesterday gave strong backing to the idea of a new phase of far-reaching nuclear arms cuts, especially in short-range nuclear missiles, and indicated that it would make a positive contribution to such a process.

"A drastic reduction in nuclear arsenals, starting with short-range nuclear weapons," said Mr Pierre Joxe, defence minister, "could be one of the objectives of a new era of disarmament". His comments, made after talks with Mr Gerhard Stoltenberg, his German counterpart, follow indications from the Pentagon that the US was ready to negotiate the withdrawal of US and Soviet battlefield nuclear weapons from Europe.

In the past, France has excluded its nuclear forces from arms control negotiations between the two superpowers. President Mitterrand has refused to take part such talks until the arsenals of the superpowers should have been scaled down to a size comparable to that of France.

France may cut corporation tax

The French government is considering making cuts in corporation tax in its 1992 budget, scheduled to be published next week, writes William Dawkins in Paris.

The proposal contrasts with the general tightening of budgetary policy due to the squeeze on tax revenues imposed by the economic slowdown. It is understood that an interministerial committee has proposed that the twin corporation tax rates – 34 per cent on retained earnings and 42 per cent on distributed profits – should both be reduced to 33.3 per cent.

Editors jailed

Seven Greek newspaper editors were jailed yesterday after refusing to appeal against convictions for defying an anti-terrorism law that bans publication of proclamations by extremist groups, writes Kerin Hope in Athens.

Peronists carry day in Argentine mid-term polls

By John Barham in Buenos Aires

ARGENTINA'S ruling Peronist party has won a greater than expected victory in gubernatorial and mid-term congressional elections.

According to early returns yesterday, the party carried 10 of the 12 provinces contested on Sunday, trouncing the opposition Radical party.

The voters have thus overwhelmingly endorsed the economic reform policies of President Carlos Menem and his economy minister, Mr Domingo Cavallo. Mr Menem took care to avoid crowing, saying "we should respect and congratulate our adversaries".

The president is now expected to begin talks with opposition leaders on an alliance to smooth the way for further reforms. Despite the Peronist vote having exceeded expectations, the government still lacks a majority in the lower house of Congress, where it remains the largest party. The Radicals are expected to press for greater emphasis on social policies.

The Peronists not only retained the country's most productive and populous province, Buenos Aires, with about 50 per cent of the votes, but won hard battles for the north-western provinces of Tucumán and Santa Fé, where a pop star and a former motor racing driver respectively took the governorships.

The opposition Radical party, which had been expected to win in two provinces, retained only the central industrial province of Córdoba, governed by Mr Eduardo Angeloz, Radical candidate in 1989 for the presidency. A regional centre-right party was returned in the southern province of Neuquén.

The federal House of Representatives, where the government must rely on an alliance with conservative and independent parties, is becoming increasingly important because Congress holds the key to economic reforms, such as restructuring the labour market and regulating privatised industries.

The new governor of Buenos Aires, from December, will be Mr Eduardo Duhalde, now vice-president of the republic. Mr Menem has said he would not replace Mr Duhalde in the vice-presidency, in the event of the Peronist winning the governorship. This is not least because, according to the constitution, the chairman of the senate should step into any vice-presidential vacancy. The said senator happens to be Mr Eduardo Menem, the president's brother.

Analysts were surprised by the strong vote in Buenos Aires for an ex-colonel, Mr Aldo Rico, who led two mutinies against the previous government of Mr Raúl Alfonsín. Running as an independent, Mr Rico was third with about 8 per cent of the votes, portraying himself as a champion of the dispossessed.

The Peronists had won in two of the three provinces that voted on August 11, while the Radicals carried the third at stake. The eight remaining provinces will vote on October 27.

Economic reform, Page 15

Black court nominee faces Senate grilling

By George Graham in Washington

JUDGE Clarence Thomas, President George Bush's choice to fill the vacant US Supreme Court seat, will faces a grilling over his views on abortion and affirmative action in favour of minorities. US Senate hearings on the nomination will start today.

Mr Thomas is a 43-year-old lawyer who was head of the Equal Employment Opportunity Commission during the Reagan administration and has been on the bench of the US appeals court in Washington for the last 18 months.

He can expect particularly tough questioning from Senator Howard Metzenbaum of Ohio, who voted against his confirmation for both those offices.

Civil rights groups, ranging from the National Association for the Advancement of Colored People to the Leadership Conference on Civil Rights, have opposed his appointment. Mr Thomas is a difficult target from this quarter, he being black.

His conservative record, however, has intensified the hostility of many black groups, who feel betrayed.

Even black people who support Mr Thomas are irritated by what they see as the message – implicit in the president's nomination to replace Justice Thurgood Marshall, who retired this year as the only black person ever to sit on the Supreme Court – that the Bush administration is filling a one-judge black quota.

A fiercer assault may come from women's groups worried that his vote on the Supreme Court could spell the end for the Roe *v.* Wade decision of 1973, by which the court established in the US the legal right to an abortion. Mr Thomas's supporters, however, deny that he has ever expressed views on the subject.

His greatest influence on the court could be his experience of corporate law. Mr David Duesenberg, general counsel of the Monsanto company, for which Mr Thomas has worked, believes he could influence the court into selecting more business issues for judgment.

Supreme Court nominations have often been hotly debated, because the nine justices, enjoying life tenure, have wide powers to review and strike down state and federal laws. They have long adopted a broad view of their powers, venturing into areas where politicians had feared to legislate.

However, the court's complexion has changed – first as a series of Reagan appointments swung it away from its liberal majority of the 1960s and 1970s, then, after the rancour that surrounded the hearings involving Judge Robert Bork in 1987, towards a blander kind of candidate who can less easily be attacked.

Even lawyers who have supported Mr Thomas's qualifications to sit on the Supreme Court feel that he fits this category, and is not the most towering jurist of his generation.

THE RIGHT MAN FOR THE BENCH? Clarence Thomas gets a presidential pat on the back

Tobacco rationing in Cuba

CUBA, known for its choice tobacco and cigars, is to ration sales of cigarettes and cigars to its own people. Our Foreign Staff reports.

The Cuban population of 10m has one of the highest national per capita tobacco consumptions in the world.

They are already suffering widespread shortages of practically all food and consumer items because of disruptions to trade with eastern Europe and the Soviet Union, the island's main supplier of most imported goods.

Many of Cuba's hundreds of thousands of habitual smokers receive a fixed quota of cigars and cigarettes in their monthly rations, but smokers could buy more in state shops.

Under the new system, adult smokers who receive four packets of cigarettes as a monthly ration would be allowed to buy only two more packets a month.

The official statement did not say whether the measures would affect Cuba's exports of tobacco and cigars.

Cigarettes and, to a lesser extent, cigars had been in short supply lately on the local market, causing large queues at kiosks. The statement blamed the shortages on a surge in demand for cigarettes and antiquated manufacturing machinery.

Congress returns with budget pact shackling ambition

By Lionel Barber in Washington

CONGRESS will return from summer recess today with the Democratic majority in the House and Senate searching for the magic political formula to dispel President George Bush's dominance of the legislative agenda.

The Democrats will cast him as the president who cares more about tackling problems abroad than at home. Their case will rest on a series of initiatives on education, tax relief for the middle class, health care and extended unemployment benefits.

Mr Bush is not immune, however, to challenge on certain foreign policy issues. After events in the Soviet Union, Democrats will renew efforts to impose conditions on his support for most-favoured nation trade benefits for China.

Mr Bush also faces criticism from supporters of Israel over his request to Congress to delay approval of $10bn in loan guarantees for settling Soviet Jews in Israel, though he appears to have won over the two key chairmen of the House and Senate appropriations committees for the 120-day delay.

Democrats are flirting with the idea of using money from the defence budget to fund emergency humanitarian aid to the Soviet Union. Others argue that there is now a case for further defence cuts and a reallocation of funds to domestic needs.

However, the main constraint on action remains the 1990 budget agreement. A two-thirds majority in House and Senate would be needed to undo its provisions, which cap domestic and military spending. Congressional leaders are reluctant to break the accord with the White House before the elections next year. Also, a projected budget deficit of $348bn in the next fiscal year gives neither side much room for new spending.

These are the main issues facing Congress when the Senate returns today and the House of Representatives tomorrow:

- Defence: A House-Senate conference is due shortly to discuss the $291bn military authorisation bill. Democrats will challenge costly items such as the B-2 stealth bomber.
- International treaties: The Senate is due to approve the Conventional Forces in Europe treaty, but Mr Bush may delay submitting the Start treaty, to cut US and Soviet long-range nuclear missiles. Congress is expected to approve most-favoured nation status for the Soviet Union, as well as some emergency food aid.
- Banking: Both chambers need to approve an $80bn bail-out of the savings and loan industry and the banking's deposit insurance fund. The administration faces the harder task of securing approval for its banking reform proposals.
- Transport: Mr Bush may find it hard to sustain a veto of the highway bills which provide for more than $125bn in spending over the next five years. However, the House shelved an earlier bill because of opposition to a 5 cents-a-gallon petrol tax.
- Campaign finance: Cleaning up campaign fund-raising is a good deal more popular with the public than Congress. Again, differences over proposals for public funding and campaign spending limits make action all the more difficult.
- Education: Democrats would like to expand aid to poor and middle-income college students; Mr Bush wants to push for raising standards in primary and secondary schools, mainly through exhortation rather than money.

Toronto airport halted as civil servants' strike bites

By Bernard Simon in Toronto

AIR TRAFFIC came to a virtual standstill in Toronto yesterday as picketing civil servants made Canada's busiest airport a main target of their nationwide strike.

The Public Servants Alliance of Canada, with about 155,000 members, began the stoppage yesterday morning in protest against a government plan to freeze their wages this year and offer increases of 3 per cent in each of the next two years.

About one-third of the union's members perform essential duties, such as prison guards and immigration officers, and are forbidden by law from walking off their jobs.

The stoppage is a test not only of the government's efforts to impose greater wage discipline, but also for one of the country's largest public-sector unions. By midday yesterday, it appeared that by no means all PSAC's members had heeded the strike call. Tussles were reported in several cities where pickets tried to stop some civil servants entering their offices.

Only about 40 per cent of PSAC members in Ottawa voted in favour of strike action earlier this year. At Toronto's Pearson Airport, striking weather forecasters and administrative staff prevented air traffic controllers, who are members of another union, from arriving for work. Disruptions and delays are expected in a variety of other government services.

The government is expected to legislate union members back to work if the strike proves to be excessively disruptive.

INTERNATIONAL NEWS

Slowdown in growth forecast for India

By David Housego in New Delhi

A SUBSTANTIAL slowdown in the growth rate of the Indian economy is forecast by the Reserve Bank of India (the central bank) in its annual report published yesterday.

The bank foresees growth in real gross domestic product dropping during the current financial year to 3 per cent from a trend rate in recent years of 5 per cent.

The fall is the result of the recent deflationary measures taken by the government to curb fiscal and balance of payments deficits.

The bank warns, however, of a further possible rise in interest rates to contain inflation. The report says that "the stance of monetary policy cannot but be one of continuing and perhaps increased tightness".

Figures released over the weekend showed that the wholesale price index in August was 15.2 per cent above the level of a year ago – meaning that the rate of inflation has more than doubled in 12 months.

The central bank forecasts that industrial growth will fall to 6 per cent from 8.4 per cent in 1990-91 and that agricultural output will rise by 1 per cent. Some industrialists believe that the industrial growth rate for the year will fall to 4 per cent.

The report is the first to appear since the foreign exchange crisis earlier this year and since Mr S. Venkitaramanan took over as bank governor.

It foresees the government's stabilisation measures reducing the current account deficit from 2 per cent of GDP in 1990-91 to 1.8 per cent in 1992-93 and to 1.5 per cent by 1994-95. At this level it says that the current account deficit could be financed by normal capital flows, including multilateral and bilateral assistance, "a reasonable level of external commercial borrowing" and foreign investment.

The bank points out, however, that in the long run India will have to achieve a trade surplus to help repay the loans and sustain a higher rate of growth of the economy.

Burmese army under fire over human rights

BURMA's army routinely murders and brutalises members of ethnic minorities it dragoons into working as porters in anti-guerrilla campaigns, Amnesty International reports, Reuter writes from Bangkok.

It often uses the porters as human mine-detectors, the London-based human rights group claims. Members of the Karen, Mon and Indian minorities are among those the army is alleged to have killed in its campaigns in remote jungle areas, it said.

Nakasone: acrimonious battle

Takeshita: rivals are angry

Party bosses squabble over whether to ditch Kaifu

Japan's prime minister face a barrage of ridicule from faction hopefuls, reports **Stefan Wagstyl**

MR Toshiki Kaifu, the Japanese prime minister, has been the subject of ridicule in the ruling Liberal Democratic Party ever since he took office.

MPs have constantly jibed at his lack of personal power, deriding him as a puppet of the party's real leaders.

But the attacks of the last two years will pale in comparison with the abuse Mr Kaifu will face in the coming weeks, as party chiefs battle over who is to become LDP leader and prime minister when Mr Kaifu's term expires at the end of October.

Mr Yasuhiro Nakasone, the former prime minister, offered a taste of what is to come in a speech over the weekend when he alluded to Mr Kaifu as a "rookie" and a "relief pitcher" – wrongly sent in to play for Japan at a time of international crisis.

Mr Nakasone's remarks are a sign that this year's leadership battle is likely to be particularly acrimonious. As well as Mr Kaifu's own record, the Recruit bribery scandal of 1989, the current financial scandals, and political and financial reform are likely to figure prominently in the arguments. But the real issue will be the competing strengths of the leaders of the LDP's four biggest factions – Mr Noboru Takeshita, Mr Kiichi Miyazawa, Mr Hiroshi Mitsuzuka, and Mr Michio Watanabe.

The LDP factions

Takeshita	97
Mitsuzuka	84
Miyazawa	77
Watanabe	64
Komoto	29
Others	43

Source - LDP

Mr Takeshita, *de facto* head of the largest faction, has been the power behind Mr Kaifu's throne. Prime minister during the Recruit affair, he was forced to resign to defuse public criticism and looked around for a malleable nominee. When his first choice Mr Sousuke Uno let him down, having got himself involved in a sex scandal, he turned to Mr Kaifu.

Mr Kaifu has succeeded very well in the two tasks Mr Takeshita assigned to him – winning back public confidence in the LDP and acting as a front for Mr Takeshita's influence.

Mr Kaifu has been happy to do this since it has given him the premiership and the right to represent his country at international gatherings. Aides say Mr Kaifu has never been so happy as at the London summit of the Group of Seven industrialised countries, rubbing shoulders with President Bush and President Gorbachev.

The public has accepted this arrangement without too much grumbling, not least because it has coincided with a time of great disarray in the main opposition party, the Social Democratic Party, which failed to capitalise on the LDP's Recruit-related troubles. Whatever his shortcomings inside the LDP, Mr Kaifu has performed ably in public – delivering speeches and meeting presidents with suitable aplomb. The LDP's standing in the opinion polls has rarely been higher.

However, Mr Takeshita's rivals at the top of the LDP have had enough of the play-acting prime minister. The other faction-heads are angry that Mr Takeshita has, by keeping Mr Kaifu in office, broken the tradition that the prime minister should always be a faction head.

For two years these senior politicians have kept quiet because they, like Mr Takeshita, were tainted by the Recruit affair. They received money or stocks from Recruit, a publishing company which tried to win favour in political circles.

But now these men believe two years out of office is punishment enough. The most anxious among them is Mr Miyazawa, the former finance minister, who at the age of 71 thinks this may be his last chance to run for the top post. On Friday he became the first MP to declare his candidacy. Mr Miyazawa, who speaks English, is liked by many foreigners. But some of his fellow MPs despise him. "He may speak English," says one "But can he speak Japanese?"

Mr Mitsuzuka, who is 64, is trying to rally a faction which he inherited only earlier this year following the death of Mr Shintaro Abe. He wants a quick success to prevent the faction splitting. But he is dogged by reports of alleged infringements of political fund-raising laws – and therefore, according to some MPs, is not the best man to take office at a time of financial scandals.

Another potential candidate among the faction heads is Mr Watanabe, a straight-talking man who once said that if people wanted clean politicians they should elect Buddhist monks. He is popular among MPs but at a serious disadvantage compared with both Mr Mitsuzuka and Mr Miyazawa because his faction is smaller.

Some MPs suggest that if Mr Takeshita insists on supporting Mr Kaifu for a second term, then Mr Miyazawa, Mr Mitsuzuka and Mr Watanabe will gang up against him. Together they have sufficient votes. But they are unlikely to bury their own rivalries for long enough.

MR Takeshita has yet to show his hand. For the moment he is sitting tight waiting to see how his potential rivals move. The present arrangements have worked so well that he would like to keep Mr Kaifu where he is. If necessary he can buy off other factions with promises of cabinet seats.

But he is conscious of the other faction heads' ambitions. He knows that within his own faction there are younger politicians who would like to be prime minister one day – including Mr Ryutaro Hashimoto, the finance minister, and Mr Ichiro Ozawa, former party secretary general. There is also the complicating presence of Mr Shin Kanemaru, the faction's nominal head and a master of intra-party politicking, who sometimes supports Mr Takeshita and at other times comes close to knifing him in the back, for example by encouraging a rivalry between Mr Hashimoto and Mr Ozawa.

But Mr Takeshita is still far from declaring himself. The public still resents his role in the Recruit affair and is suspicious about apparent links between a Takeshita relative and Mr Ho Yong-Chung, a central figure in another recent scandal involving Itoman, an Osaka trading company.

Perhaps even more important, Mr Takeshita will never forget the example of his political mentor, Mr Kakuei Tanaka. Mr Tanaka was prime minister for just two years in 1972-74 before he had to resign over a financial scandal; but he remained the most powerful politician in Japan for the following 10 years.

NEWS IN BRIEF

Nomura faces probe under monopoly law

NOMURA Securities, the Japanese stockbroker under investigation for its role in recent financial scandals, yesterday came under attack from the country's Fair Trade Commission, **Stefan Wagstyl reports from Tokyo.**

The FTC, a government watchdog, confirmed it was investigating claims that Nomura had infringed Japan's anti-monopoly law in its dealings with Nomura Land & Building, a subsidiary which owns most of the group's land holdings including sites of many Nomura branches.

A probe by the National Tax Administration Agency revealed Nomura Securities controls virtually all the shares of Nomura Land & Building. The FTC believes this may infringe Article 11 of the anti-monopoly law which limits holdings by financial institutions in other companies to 5 per cent.

China frees HK businessman

China yesterday freed a Hong Kong businessman who had served 23 months of a five-year prison sentence on charges of trying to help pro-democracy activists escape from the country, AP reports from Hong Kong. Luo Haixing, 42, was freed from a prison in Canton four days after Mr John Major, the British prime minister, ended a trip to China and Hong Kong. Beijing is believed to have agreed to Luo's release as a kind of reward to Mr Major, who last week became the first western leader to visit China since its crackdown on a pro-democracy movement in June 1989.

Shamir hard line on peace talks

Mr Yitzhak Shamir, the Israeli premier, raised the stakes in Israel's battle with Washington over loan guarantees yesterday, saying Israel would stay away from a Middle East peace conference if the Palestinian delegates did not meet its conditions, Reuter reports from Jerusalem. Palestinian represention has been the remaining obstacle to a peace conference scheduled for October but Israel has previously avoided spelling out what it would do if it does not like the Palestinian delegates.

The Palestinian issue has come to the surface again since US President George Bush asked Congress last Friday to delay considering Israel's request that the US guarantee loans worth $10bn.

Nigerian ex-minister released

Former Nigerian oil minister Mr Tam David-West was released after an appeal tribunal quashed his 10-year sentence for writing off a debt owed by a foreign oil company, newspapers said yesterday, Reuter reports from Lagos.

Threat to Philippine base treaty

By Greg Hutchinson in Manila

A MILITARY base treaty with the US appeared headed for rejection yesterday as a majority of Philippine senators stood firm against the document's ratification.

The treaty needs to be approved by a two-thirds majority of the upper house by September 16 to guarantee the continued presence of American troops beyond that date, when a US lease on military facilities expires.

Rejection would force the withdrawal of 8,000 American servicemen and the closure of Subic Bay naval base, the largest US ship repair and supply depot in Asia. It would also jeopardise a $5.3bn (£3.1bn) debt deal clinched with the country's leading creditor banks last month.

Washington is committed to paying $203m a year for the right to base troops in the Philippines beyond the year 2000. Most senators appear more concerned, however, about how history will judge them in terms of upholding the "national interest".

"It's history we're thinking of," said Senator Orlando Mercado, one of 12 senators – representing a majority of the chamber – to sign a document yesterday saying they did not agree with the treaty and would vote to reject the accord.

In Washington, Mr Dick Cheney, US secretary of defence, said he was not optimistic that the Philippine Senate would ratify the treaty.

President Corazon Aquino and senior Catholic bishops have come out strongly in support of the treaty's ratification. Mrs Aquino, attempting to use people power, plans to lead a massive demonstration to the senate today.

Sudanese rebel leader denies human rights charges

Garang 'still firmly in charge'

By Julian Ozanne in Torit, southern Sudan

MR John Garang, leader of the rebel Sudan People's Liberation Army, was looking every part the guerrilla leader. Flanked by a bodyguard toting an AK-47 assault rifle at a mobile headquarters deep in the lush green bush in southern Sudan, Mr Garang, known better to his troops as "Dr John" or simply "The Chairman", was brushing off charges of human rights abuses and dictatorship levelled against him by dissident commanders who claimed they had overthrown him.

"I am still firmly in charge," said Mr Garang, a big, bald man dressed in black boots and military fatigues with gold-braided epaulets and surrounded by eight other members of the SPLA's 13-man high command.

The former army colonel denied he was training 10,000 children as soldiers, admitted the attempted coup had harmed his credibility and damaged peace prospects in the eight-year civil war and said it was necessary to arrest and detain internal critics as part of the military struggle against Sudan's fundamentalist military government.

"If I was a ruthless man I would have had them shot," he said.

Allegations of torture, "one-man rule" and corruption made against Mr Garang 10 days ago by three members of the high command reflect widespread resentment in the 40,000 strong rebel army against "The Chairman's" rule. Discontent is particularly strong among soldiers from Bhar el Ghazal region, who make up 60 per cent of the SPLA, who are also angry at the dominance in the leadership of people from Mr Garang's Upper Nile province.

But the failure of discontent to turn into support for the attempted coup against Mr Garang marks a recognition among most SPLA members that no one else has the military capability to wage war in the snake and malaria infested swamps of southern Sudan.

Mr Garang, denying charges he was training children, said in Torit his problem was weapons and not manpower and that he had 15,000 trained adults he could not arm. "Why would I be giving arms to six-year-olds when I cannot give arms to 30-year-olds who are already trained," he said.

Two Soweto women grieve for menfolk killed after a rally yesterday as black factions fought with guns, grenades and knives for a second day and police said the death toll from weekend violence had risen to at least 57, agencies report from Johannesburg. New fighting erupted when a gang of armed men shot and killed three people on a train yesterday and injured four others, police said. The unidentified attackers hurled the dead and wounded from the black commuter train.

Meanwhile, three South African white-supremacists abandoned an eight-week-old prison hunger strike, saying they had failed to persuade President FW de Klerk to grant them political amnesty.

WORLD TRADE NEWS

Tokyo to target practices of business networks

By Robert Thomson in Tokyo

JAPAN's Fair Trade Commission (FTC) is to launch a study on Japanese business behaviour, including the system of corporate cross-shareholdings, which US officials have claimed is a source of exclusionary practices.

Washington and Tokyo have been unable to agree on the business impact of the corporate families known as *keiretsu*, which are characterised by strategic cross-shareholdings and are accused by the US of keeping their business transactions within the family, making the Japanese market difficult to penetrate.

The US has wanted Tokyo to admit that the very nature of the *keiretsu* relationship leads to the exclusion of "outsiders", both Japanese and foreign, but Japanese officials have argued that the close corporate links encourage "economic stability" and are not necessarily a source of unfair practices.

An FTC official said the study was likely to begin by next March, and could look at industries such as cars and car parts, a source of friction with Washington, as well as the paper product and glass industries, which have drawn complaints from US companies trying to enter the market. Japanese officials have already examined several other industries, including electronics, shipbuilding and gas companies, but Washington argued that the research was inadequate and did not address issues raised in the bilateral Structural Impediments Initiative (SII) talks, designed to reduce the trade imbalance.

US officials have wanted much closer study of the car industry in particular, as US car parts companies say cross-holdings among Japanese car makers and their suppliers ensure foreign competitors are denied access to the market, regardless of their products' quality.

The commission said yesterday the "*keiretsu* structure itself does not violate the anti-monopoly law", and that "only in a case where that shareholding causes repeated violations of the law would we take action". Officials said companies would be told to sell a cross-shareholding only if there was no other way "to end a case of repeated violations". FTC researchers will also study the impact of a core *keiretsu* company sending executives to its most important suppliers or to other members of the corporate family. To open the corporate groups to scrutiny, the US has called for increased disclosure of information to ordinary shareholders, the appointment of independent directors, and tougher anti-monopoly laws.

In July, the FTC issued new anti-monopoly provisions authorising it to force a company to sell a shareholding, if proof existed that the stake had led to an exclusionary business relationship. US officials approved of the provisions, but await evidence the FTC will move against what they see as one of the most important "structural impediments" to free trade.

OECD export credit rates

THE Organisation for Economic Co-operation and Development announced new minimum interest rates for officially-supported export credits (August rates in brackets): **D-MARK** 9.79 per cent (10.01); **FRENCH FRANC** 10.46 (10.49); **GUILDER** 9.90 (10.00); **ITALIAN LIRA** 12.41 (12.33); **YEN** 7.30 (7.50); **PESETA** 13.09 (13.15); **STERLING** 11.09 (11.34); **SWISS FRANC** for credits of less than eight years 8.30 (same); for credits of more than eight years 8.55 (same);
US DOLLAR for credits of up to five years 8.33 (8.81); for credits of over five years 8.73 (9.21).

These rates are published monthly by the Financial Times, normally around the middle of each month. They apply to all export credits, except that on those to middle-income and poor developing countries the OECD matrix rate can be used if lower. This is a standard set of rates reviewed twice a year, in January and July.

Norsk Hydro in 'dumping' row

NORSK HYDRO, one of the world's two biggest magnesium metal producers, will "strongly contest" charges of dumping and subsidisation made by Magnesium Corp of America, a US primary producer, it said yesterday, Robert Gibbens writes from Montreal. The complaint was filed by MagCorp in Washington. The charges relate mainly to Norsk's new magnesium plant near Montreal, which exports nearly all its production to the US.

Malaysia aims to join top car-export league

Assemblers must begin to raise input of local components, **Lim Siong Hoon** writes

MALAYSIA launches a new phase of its ambition to join the world league of car exporters when next year, assemblers must begin raising the value of locally-made components in their operations.

Last month's government directive aims ostensibly at boosting domestic value-added production. But it will also shorten the life of many of the existing 10 assembly plants and concentrate production on a few makes instead of 18 now. "Localisation is the invisible hand that will rationalise the industry," says Mr Paul Low, vice-chairman of the Automotive Federation of Malaysia, the trade body of franchisers, assemblers and components makers.

Rationalisation will work in one of two ways: companies which cannot meet new local content rules face punitive import quotas; some low-volume producers, which comply with the rules, will see their market shares shrink as retail prices rise. The chief difficulty in compliance is obtaining, at competitive prices, the numerous component specifications. Applications for about 400 component plants have been approved, with 100 in production or due soon. But low volumes and diversity of car models (this year alone 43 are assembled), will make supply prohibitively costly for many.

Assemblers are now required to comply with an official list of 30 locally available components, such as batteries and spark plugs, adding up to 30 per cent of the completely knocked-down (CKD) pack value. By 1996, the minimum domestic content requirement will be raised from 30 to 60 per cent for car engines of up to 2 litres. For all larger capacities, the value will be lifted to 45 from 20 per cent. "Unless we come out with a common list of components, then the localisation policy will not move as the government would expect," says Mr Mohamad Khalid Abdullah, chairman of the Malaysian Motor Vehicle Assemblers' Association. But the government has made no move to issue a new list.

While many cars will be phased out as a result, production will grow and centre on a few Japanese makes. Consensus opinions cite these as Honda, Toyota and Nissan, the current market leaders, which annually assemble 7,000-11,000 units each. Their lead in the assembled car market is not the only reason why they will emerge as the winners. The Japanese, unlike their European and US rivals which depend almost wholly on outside component sources, have already invested in a closed, domestic network of suppliers jointly with their franchisers. They plan to add other items such as rack and steering, and diecast engine components, all which will help them meet the new targets.

By concentrating production, the government hopes a sufficiently large manufacturing base will emerge, alongside its national car project, Proton, owned 70 per cent by the state but built with Mitsubishi technology. Introduced in 1985, the car was the centre-piece of a heavy industrialisation strategy and Malaysia's car export drive. By July, Proton had produced 300,000 cars, 10 per cent exported, mostly to the UK. There, the modified version is retailed, under current exchange rates, at the near equivalent of domestic prices.

'Localisation is the invisible hand that will rationalise the industry' - Mr Paul Low, vice-chairman of the Automotive Federation of Malaysia

Proton captured 60 per cent of the market behind a protective tariff regime, but was also quick to adapt to using locally-made components. Domestic content rose from 18 per cent to 69 per cent, thus qualifying it for access to industrialised markets under the Generalised System of Preferences. This permits developing countries to enjoy tariff preferences in developed countries on a temporary and non-reciprocal basis, to encourage expansion of their manufactured and semi-manufactured exports.

Proton's introduction provided no initial clue that the localisation would follow. Assemblers settled for a lower share but of a rapidly growing market, which Proton alone could not satisfy. It now operates at its full 100,000 units-a-year capacity, rising to 120,000 next year. After Proton, the government ruled the presence of too many makes fragmented the market and hindered its effort at upgrading the industry. Malaysian annual passenger vehicle sales are the largest among its regional allies in the Association of South East Asian Nations (Asean), although its 18m population is a third of Thailand's.

This year's sales are expected at 190,000, including completely built-up imports, jeeps and passenger vans. By 1999, annual sales will double to over 400,000, given a conservative 10 per cent growth; last year, it rose 26 per cent. Proton, it is assumed, will take at least half the market's share and the balance of 200,000 will be shared among three or four manufacturers. This means selling abroad. "The export market will provide them the ultimate test," says Mr Low.

But, meanwhile, their best hope to survive, competitively, lies in Asean where a quasi-free-trade arrangement for components is being worked out under a "brand-to-brand complementation scheme". Asean now has a varied CKD import tariff structure, from 40 per cent in Malaysia to 200-250 per cent in Thailand and Indonesia. Introducing a uniform tariff regime remains unthinkable, for the moment, because of national demands for revenue and protection.

Instead, Asean is planning a "margin of preference" wherein components made by any member will be preferred over imports of other countries through a margin discount on existing tariffs. A 50 per cent discount is proposed, though Malaysia wants 100 per cent, ie, zero tariff. Agreement on this remains difficult, but this has been been partially overcome by introducing into it the "complementation scheme", under which components not commonly made in Asean are alloted for production among members. So far, 50 items have been picked. Imports of these will be counted as if local content.

Chilean plant goes from bombs to jeans

MR Carlos Cardoen, the Chilean arms maker, has started up a jeans factory near Santiago, in a move to diversify from his flagging cluster-bomb business, Leslie Crawford reports from Santiago.

Garment Manufacturing and Trading (GMT) is sewing 180,000 pairs of jeans a month. Mr Cardoen said output was set to double by 1993 with sales worth $40m (£23m). Countries receiving the jeans exports include the US, Germany, Romania and the Soviet Union.

Mr Cardoen built his fortune by selling cheap cluster-bombs to Iraq during the Iran-Iraq war. Iraq's defeat robbed him of his main weapons customer.

Japanese in E German talks

THYSSEN Handelsunion, trading unit of Thyssen, is in talks with a Japanese group for a joint venture in east Germany, it said yesterday, Reuter writes from Düsseldorf. A Handelsunion official did not give details, since talks were still incomplete. It has several agreements with Japanese groups. Thyssen Rheinstahl Technik, Mitsui and Chiyoda are partners for an Indonesian chemical plant.

UK NEWS

Parties clash over defence commitment

By Ivo Dawney

THE Conservatives signalled an end to the summer holiday lull in party hostilities yesterday by deliberately raising the political temperature with a fierce onslaught on the opposition Labour party's defence policy.

Justifying the timing of the new attack, Mr Chris Patten, the Tory party chairman, said comments by Mr Neil Kinnock on Sunday promising the indefinite retention of nuclear weapons were at odds with official Labour policy and demanded clarification.

He was backed by Mr Tom King, defence secretary, who argued in a 19-page document – *Britain's Defence: Unsafe in Labour's Hands* – that the opposition's annual conference had committed it to a cut in expenditure estimated at £8bn.

Responding for Labour, Mr Gerald Kaufman, the party's foreign affairs spokesman, claimed Mr King had wavered publicly over the scale and depth of proposed defence cuts.

He said Labour would make available whatever funds were necessary to honour Britain's Nato and peace keeping commitments. "The Labour party is clear, it will provide the defences that the country needs," he said.

Major buoyed by strong figures on retail sales

By Rachel Johnson and Ivo Dawney

MR John Major, the prime minister, yesterday declared that the economy was "back on course" as news of unexpectedly strong high street spending in July lifted government hopes that a recovery is at hand.

Mr Major also warned that mounting media speculation of an election in early November, fuelled by opinion polls showing the Tory party narrowly in the lead over Labour, was premature.

"Polls go up and they go down: I am surprised everyone is getting so excited," he said. "I'm in no hurry."

Mr Major outlined the government's crowded agenda and stressed the need to negotiate a successful agreement with European Community partners on economic and political union at the Maastricht summit in December.

Buoyed by yesterday's retail sales figures, Mr Major claimed that economic growth had resumed an upward path.

"Inflation has virtually halved since last October and falling inflation has enabled us to lower interest rates – a further 0.5 per cent last week – good news for homeowners and businessmen," he told Scottish Tories in Aberdeen.

Labour rejected the Tories' growing optimism on the economy, saying there were no signs of a let-up in the recession. Unemployment figures on Thursday are expected to show another monthly rise of 60,000, taking the jobless total to 2.4m in August.

As Mr Major spoke of a return of confidence on his tour of north-east Scotland, the Treasury welcomed as "very encouraging" the news, from the Central Statistical Office, that retail sales volumes in July had been revised up to 0.7 per cent.

After July's 0.3 per cent provisional estimate and June's sharp 1.5 per cent increase, the revision added to "accumulating evidence that there was a bit of an upwards trend," the Treasury said.

This trend was marred by the spring distortions to the retail sales volumes caused by the anticipation of the VAT increase in March.

Volumes in the three months to July were 0.4 per cent below levels in the three months to April.

But over the six months to July, volumes were over half a point higher than the half-year to December, backing government hopes that a gentle recovery was underway.

The Retail Consortium, representing about 90 per cent of the retailing industry, gave the figures a less enthusiastic reception.

It reserved judgment until the next set of "doubtful" retail sales figures from the Central Statistical Office were due out in a week's time.

The consortium, however, agreed that the figures bore "out the impression that the non-food retailers are recovering and that the corner is being turned."

The government was not able to draw much comfort from July's credit figures. These showed a growth of £187m in new credit to consumers in July, against £22m in June.

The figures are volatile and the Treasury did not include them in the series of economic indicators which it claims demonstrate the so-called "virtuous circle" – good economic news fuelling consumer confidence.

One striking feature was the considerable use that consumers made of credit cards.

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Hurd to soothe rifts with Abu Dhabi

By Ralph Atkins

MR DOUGLAS Hurd, foreign secretary, signalled yesterday the government's willingness to soothe any rift with the Abu Dhabi authorities over the BCCI affair and promised it would not block viable plans for a restructuring.

A visit by Mr Douglas Hogg, minister of state at the Foreign Office, to the United Arab Emirates is expected to follow a meeting this month between Mr Hurd and Mr Rashid Abdullah, UAE foreign minister, at the United Nations' assembly in New York.

Mr Hurd's comments came at a private meeting with Mr Keith Vaz, the Labour MP for Leicester East who is lobbying on behalf of BCCI depositors for a restructuring of the bank.

Mr Vaz said the foreign secretary had accepted that the closure of BCCI in July had come as a shock to the Abu Dhabi authorities and was now anxious to minimise the harm to relations with Britain.

The Foreign Office interpretation of the meeting, however, put the emphasis on ensuring good relations continued, rather than admiting damage had been caused.

On a possible restructuring, Mr Vaz said Mr Hurd had said the adjournment of winding up proceedings against BCCI provided a "window of opportunity".

He interpreted this a shift in the government's line, citing a letter Mr John Major sent him in July which talked only of a restructuring taking place after liquidation.

Labour and the Liberal Democrat parties were also supporting restructuring, Mr Vaz said. "We have to take this broad political support – because there is broad political support for restructuring – and put it to the Bank of England."

The Foreign Office stressed, however, the government regarded the possible restructuring as a matter for the Bank of England. There was no question of ministers leaning on Mr Robin Leigh-Pemberton, the Bank governor.

Officials confirmed that the Serious Fraud Office had no role in the seizure of BCCI executives in Abu Dhabi on Sunday.

Bank officials kept incommunicado

By Richard Waters and Richard Tomkins

MOST of the top management of BCCI was held at a secret location in Abu Dhabi last night amid continuing mystery surrounding the reason for their detention.

The arrest of about 30 BCCI officers took investigators, regulators and diplomats in other countries completely by surprise.

The arrests were made without the co-operation of authorities in other countries which have been investigating events surrounding the BCCI collapse.

The emirate's authorities released no information yesterday about the whereabouts of those detained, or whether they had been charged. A relative of one of those arrested said no information had been given and no contact had been allowed with those held.

UK Foreign Office officials confirmed that the Serious Fraud Office had no role in detaining BCCI executives in Abu Dhabi. They said, however, that the British embassy was seeking access to Britons who had been arrested.

Among those understood to have been detained are Mr Swaleh Naqvi, BCCI's former chief executive, and Mr Zafar Iqbal, the man who replaced him last year. Mr Iqbal was himself an Abu Dhabi appointment, after Mr Naqvi had admitted his part in illicit activities at the bank and offered to help the emirate to establish the bank's full position.

Arrested: Swaleh Naqvi, BCCI's former chief executive

Neither Mr Naqvi's lawyer in Washington nor his family in Abu Dhabi appeared to know where Mr Naqvi was or to have had any contact with him.

It emerged that between 12 and 15 of those detained were UK citizens. Their names and passport numbers were supplied to the British consulate in Abu Dhabi, but these were being withheld last night.

The Foreign and Commonwealth Office said that it was taking steps to find out where the British citizens, believed to be of Pakistani origin, were being held and to make sure they were being well treated.

News of the arrests prompted concern that a restructuring of BCCI now looked less likely.

The sudden arrests on Sunday, which according to one report were followed up by others yesterday, marked a sudden reversal in the public attitude of the Abu Dhabi authorities.

Normally highly secretive, Abu Dhabi took the unusual step soon after the BCCI closure in July of placing full-page newspaper advertisements attacking the decision of foreign regulators to close the bank.

The comprehensive rounding up of top BCCI management suggests now, however, that it places some credence in the regulators' claim that the bank's senior staff colluded in fraud over a prolonged period.

● Five embassies, hit by the closure of BCCI's Tokyo branch two months ago, have appealed to the Japanese government for aid, a Foreign Ministry official said.

But the Japanese government has no plans at present to respond to the appeals, the spokesman added.

"In most cases, though, the missions have opened new accounts in Tokyo and are now receiving money [from their home countries] to meet their costs," he said.

BCCI's Tokyo branch, which ceased operations on July 8, had Y53.7bn from 250 depositors, the majority of them corporations, as of March this year.

● A judge has opened court proceedings against former officials of Peru's central bank in connection with BCCI, the government-owned newspaper El Peruano said on Saturday.

It quoted Judge Felipe Villavicencio as saying he had ordered the arrest of Mr Leonel Figueroa, former president of the Central Reserve Bank of Peru, Mr Hector Neyra, former bank general manager and Ms Ana Maria Tenenbaum, former manager of the International Operations Department.

SIB rejects new financial services plan

By Scheherazade Daneshkhu and Norma Cohen

THE SECURITIES and Investments Board has ruled out allowing some financial services sales organisations to offer products from a limited range of companies.

Under the current system of "polarisation," sales organisations must either be independent – and offer the products of all companies – or tied to one particular provider. In a discussion paper published yesterday, the SIB rejected the creation of an intermediate "multi-tied" category.

SIB's discussion paper yesterday also proposed reappraising the requirement to give "best advice" in favour of providing "suitable advice". The proposals form part of the SIB's review of the retailing of investment products.

The SIB said it was not satisfied that multi-tying would bring "demonstrable benefits for investors". Sir David Walker, chairman of the SIB, said that the abolition of polarisation would result in a lot of independent financial advisers (IFAs) becoming multi-tied, which would reduce the independent sector.

Multi-ties would also lead to companies restructuring their costs and commission levels – an expense which would be passed on to the consumer. The SIB makes an exception for investment trusts and unit trusts which it proposes excluding from the polarisation regime. Commission rates for these investments are substantially lower than for life assurance products.

A spokesman for National Westminster Bank, the nation's largest independent provider of financial services, said the SIB's move to reaffirm the merits of polarisation would not have much impact on an industry which had little appetite for multi-tied status. He said NatWest clients appear more interested in the solvency and reputation of a financial advisor than whether it is independent or tied.

The proposal to redefine the requirement for financial advisers to provide "best advice" has provoked unease among consumers. "How can you allow advisors to sell a good product if they know of a better product elsewhere?" said Ms Jane Best, director of financial services for the Consumers' Association.

But the SIB argues that many IFAs have interpreted best advice to apply to choosing the best-performing company in a particular field rather than to selecting the most appropriate product for the client.

It says that "best" advice is not always the most suitable and the rules as they now stand risk obscuring the necessity of giving "suitable" advice. "Suitability" would therefore mean that the adviser would not be able to recommend a policy that people would be better off without. For example, many consumers are recommended an endowment mortgage even though they frequently allow such policies to lapse, thereby forfeiting much of the policy's value. A repayment mortgage would be more suitable for such people.

Other proposals include allowing product manufacturers to "badge" the products of another manufacturer in order to fill a gap in a product range.

Federal Europe wins backing at party conference

THE Liberal Democrats, Britain's third largest political party, yesterday endorsed the aim of establishing a new European sovereignty and the concept of European citizenship.

Sir Russell Johnston, the party's European affairs spokesman, told the party's annual conference in Bournemouth that the pace of recent events meant that the timetable for economic and political union was no longer under the control of EC leaders.

"A tide of chaos is lapping at our walls: to turn back that tide and ensure that prosperity follows freedom through the East, then the Community must unite," he said.

Although the party is committed to a federal Europe, delegates addressing yesterday's conference criticised the leadership for merely "tinkering" with the present system of EC institutions, instead of concentrating on fundamental reforms.

The first-past-the-post system used for European parliamentary elections in Britain was also attacked as the reason why the Liberal Democrats had no members at the assembly in Strasbourg.

Delegates were warned that if the party was unable to bring about change through the political institutions, then it might take the issue to the British and European courts to effect a change to proportional representation.

The theme was taken up in speeches by Mr Willy de Clercq, the president of the Federation of European liberal Democrat and Reform Parties, and Dr Otto Graf Lambsdorff, the leader of the German Liberals.

"We remain amazed that your country, so democratic in many ways, can continue to deny you the simple justice of representation in our parliament and we continue to fight our hardest on your behalf," Mr de Clercq said.

He offered encouragement about the progress of economic and monetary union, saying that the natural impetus of the single market was taking charge and making it inevitable "maybe not as soon as we would like, but certainly before the decade is out".

Dr Lambsdorff also emphasised the importance to the EC of eastern Europe, but said that the key to building up a partnership and stability was not large-scale aid, but free trade.

Kennedy sets sights on election win

By David Owen

MR Charles Kennedy, president of the Liberal Democrats, yesterday set the party's sights firmly on winning a possible by-election in Scotland, claiming that victory would make them the second party of Scottish politics.

A win would relegate the Conservatives to third place in terms of the number of Scottish seats held, he said. The by-election follows the death of the Conservative MP.

Mr Kennedy portrayed the Liberal Democrats as the lone radical party "ranged against two competing sets of conservative values".

"On offer is Thatcherism as ameliorated by Mr Major or Thatcherism as ameliorated by Mr Kinnock," he said.

He also sought to rebuff the argument that a vote for the centre party was a wasted vote since it was unlikely to be able to form the next government, claiming that "Labour cannot win the next election and they know it. A Labour vote is a wasted vote."

Mr Kennedy also attacked Mr Major's Citizen's Charter, branding the document "a consumers' charter."

"Mr Major offers redress when things go wrong; we say they shouldn't go wrong because citizens should be offered rights first not just redress afterwards," he said.

TV companies threaten to ban BSkyB campaign

By Raymond Snoddy

A BITTER row broke out last night between the Independent Television (ITV) network and British Sky Broadcasting over a new satellite television advertising campaign due to launch on commercial television last night.

Some ITV companies, including Thames Television – the largest ITV company – threatened to block the advertisements until the ITV marketing committee had a chance to view them.

The advertisments, part of a marketing campaign due to run until the first week of December, features two second snippets of BSkyB programmes with the catchline: " Sky: See What You've Been Missing."

Senior ITV executives, it is believed were unhappy with the word "missing" and the implication that ITV was not providing a full range of programmes.

The issue went before the ITV Association council meeting yesterday. The ITV managing directors decided that the advertisements could run until the end of this week but they would not be allowed from next week unless the copy line was changed.

Asked last night if BSkyB, a company in which Pearson – publishers of the Financial Times – has a significant stake, would change the advertisements Mr David Evans, marketing director said last night: "No way."

Mr Evans added: "We will be obliged to take every possible action that we can to market our service in a fair and balanced way."

Legal action against the ITV companies has not been ruled out.

There have also been disputes about advertisements for BSkyB's film channels. The claim in the advertisements that the 60 "new" films will be shown is being contested by ITV on the the grounds that new films should be less than one year old.

BSkyB is planning to spend around £5m on its marketing campaign using television, radio and posters in an attempt to boost the sale of satellite dishes.

End of the corporate hospitality bandwagon

WHEN Europe's Ryder Cup team flies out later this month to Kiawah Island in South Carolina it may have to forego the supersonic pleasures of Concorde and instead fly at subsonic speeds on a more mundane Boeing 747.

The team were due to fly on a British Airways Concorde chartered by the Keith Prowse group. The cost of the trip would be paid for by golfing executives and others who had paid £10,000 a head for privilege of mixing with sporting celebrities.

Mr Malcolm Shierson, one of the three receivers appointed from accountants Grant Thornton, was not optimistic yesterday that the trip would go ahead.

Some 20,000 other corporate hospitality packages are also now in doubt for the Rugby World Cup which starts in Britain next month. Keith Prowse had exclusive rights to provide the executive wining and dining at these matches and had already banked some £5m from companies willing to pay, for example, £295 a head for tickets and lunch.

Signs of the times: Keith Prowse's concentration on prestige events created problems this year when the combination of Gulf war and, more importantly, recession forced many companies to abandon plans to woo new business at top sporting and social gatherings

The collapse of the group came as shock to the world of corporate hospitality where Keith Prowse had been seen as the blue chip operator.

It disdained to join the industry body, the Corporate Hospitality Association, because other companies did not always have offical access to the tickets they were selling.

Not surprisingly, this sometimes led to some operators disappearing with the money and leaving the corporate hospitality rather lacking.

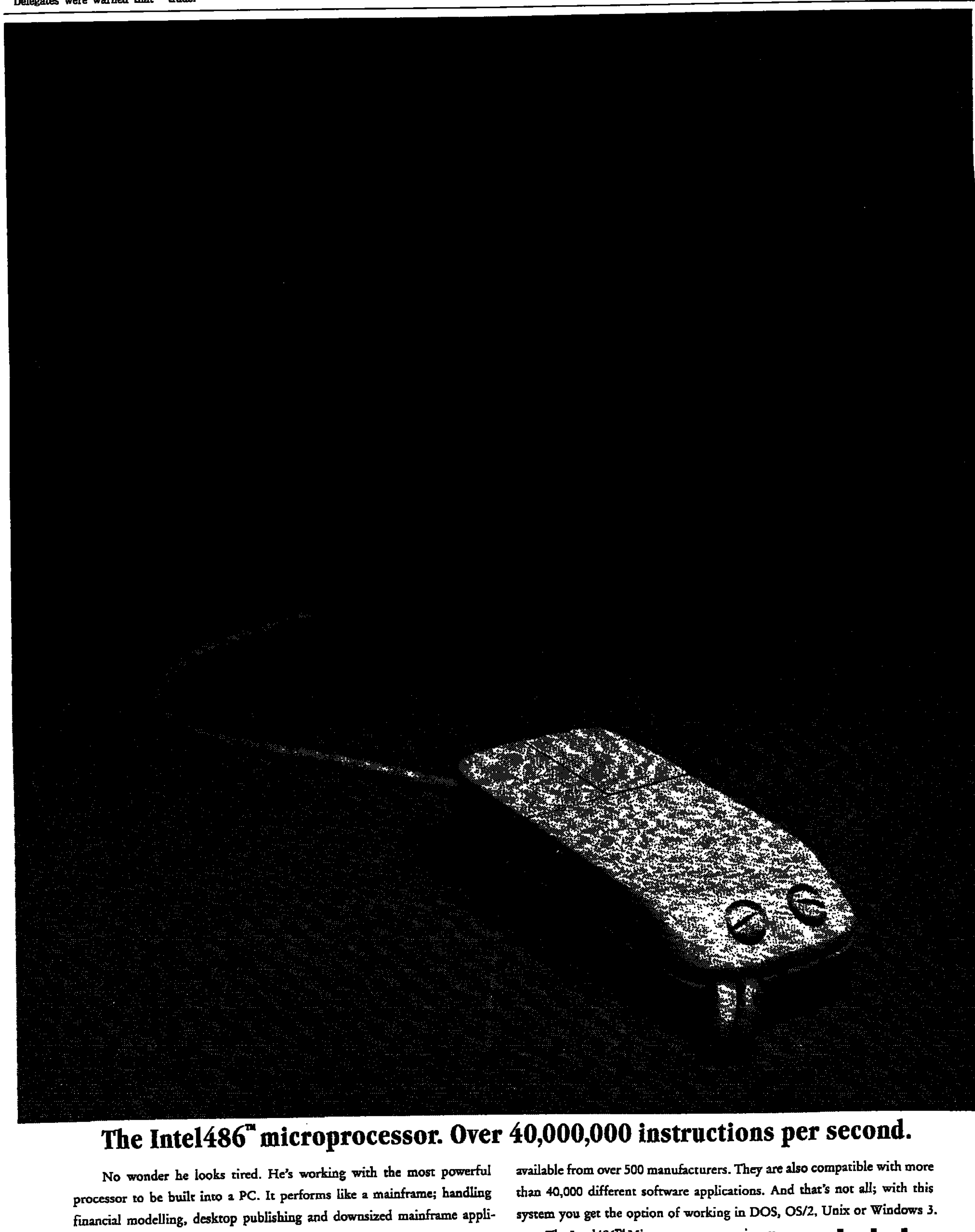
But Keith Prowse's concentration on the top prestige events created problems this year when the combination of Gulf war and, more importantly, recession forced many companies to abandon plans to woo new business at top sporting and social gatherings.

Corporate hospitality entertaining as a whole is estimated to be about 30 per cent down this year.

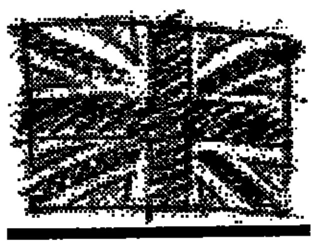
But while the recession may have kept executives at their desks, Keith Prowse's operations were harder hit by the impact of the Gulf war on international travel and tourism. Tourist visitors to the UK fell 12 per cent in the first half of 1991, compared to the first half last year.

But, significantly, it was the shortfall of Americans – down by 29 per cent in numbers in the first half – which caused the most problem as they traditionally would buy a substantial proportion of the one million theatre and other tickets sold through Keith Prowse outlets each year.

David Churchill and Andrew Jack



BRITAIN IN BRIEF



New rules for N Sea operators

All offshore oil and gas operators in the North Sea must have safety plans for each of their installations approved by the Health and Safety Executive by 1995 at the latest or they will be barred from operating, the HSE has warned. The timetable for the overhaul of North Sea safety was disclosed by the executive in its first announcement on a new framework for offshore safety since taking over responsibility earlier this year for the issue from the Department of Energy.

Subsidence claims grow

Subsidence claims cost insurers £277m in the first half of 1991, over double the amount paid out in the same period last year and the highest ever half-yearly figure, according to the Association of British Insurers. The water table remains at very low levels especially in the south-east, where clay soils are prone to shrinkage which leads to subsidence damage.

BR selects freight terminal

British Rail has chosen Trafford Park for its £11m Channel tunnel freight terminal for the Greater Manchester area. A 20-acre site will open in May 1993, a month before the tunnel. Trafford Park Development Corporation, the government urban regeneration agency for the 3,000-acre industrial estate, will pay part of the cost. The corporation said the terminal would create about 4,000 related jobs in the area and investment of between £200m and £250m.

BNFL seeks borehole tests

British Nuclear Fuels is seeking permission to sink test boreholes in the Lake District National Park, north west England, as part of its geological investigation in preparation for the country's first repository for radioactive waste.

The two proposed 1,000 metre deep boreholes would be drilled on two upland sites about four miles from BNFL's Sellafield reprocessing site. Drilling would take two and a half years, followed by four years of further tests.

Recycling plan is launched

The packaging industry has launched an initiative to investigate the economics of recycling more of the 5bn cardboard boxes made in the UK each year. This has come in response to recent environmental legislation throughout continental Europe.

Call for business funding

Banks should make long term funding available to small business and nominate a non-executive director to the board of the company receiving the funds, the Institute of Directors has suggested. The Midland branch of the Institute of Directors has offered this as one solution to the problem of deteriorating relations between the high street banks and their smaller corporate customers, following allegations earlier this year that the banks were not passing on interest rate cuts to their small business clients.

Labour cool on job creation

The opposition Labour party will not set any target or forecast during the general election of how many jobs its economic policies would create if it is elected, despite the party's determination to make unemployment a central campaign issue.

Party strategists, including Mr Tony Blair, the employment spokesman, (pictured above) have decided against offering any pledges on job creation, believing the choice of an arbitrary figure could backfire.

BA relaunches business service

British Airways has relaunched its short-haul business class service Club Europe to meet increased competition from other European airlines. The main feature of the relaunch, which BA says will cost £7m, is a new lounge for business passengers flying from Heathrow's terminal one.

US group to invest in Wales

Philips Plastics of the US is to open a £6m European manufacturing base in Wrexham, north Wales, creating 135 jobs.

Power station given go-ahead

Mr John Wakeham, the energy secretary, gave planning consent for Texaco's proposed 1100-1280 MW combined heat and power combined cycle gas turbine power station in Wales.

Printer to shed 200 jobs

Ferguson Printers, a fabric printer based in Carlisle for more than 150 years, is to close with the loss of 200 jobs. It said the downturn of orders due to the recession had compounded problems caused by severe pressure on margins and increased imports of finished fabric. The company is a division of Coats Viyella.

MANAGEMENT: The Growing Business

Acrobatic high fliers pursue a prudent policy

Charles Batchelor on the importance of finding the right insurance cover

Becky Truman spent six months attempting to find an insurance company willing to provide cover for her business. Most people starting up are able to arrange insurance in a matter of days by phoning their broker or a few insurance companies: but then most people are not in the business of providing high-wire acts.

Skinning the Cat is a three-year old Bradford company which provides "aerial theatre" for arts festivals and similar events. During the four-month summer season it employs four performers and three back-up staff.

Truman finally managed to arrange insurance through Stafford Knight, a Colchester-based broker which runs a special scheme to help small businesses which have problems finding insurance cover. The scheme was devised jointly with with Business in the Community, umbrella organisation for the enterprise agencies, and the insurance is placed with with Lloyd's of London.

At £2,000 a year, insurance premiums represent one of Skinning the Cat's biggest expenses but the policy provides cover if the performers injure themselves or a member of the public, theft cover for the props, and motor cover for the act's van.

Public liability insurance was essential if Skinning the Cat was to get bookings from the best venues, Truman explains. However, the only claim she has made in three years was under the theft policy following a break-in and the disappearance of some of the group's equipment.

Skinning the Cat had particular difficulties obtaining insurance cover because of the unusual nature of its activities but finding adequate, affordable insurance is a problem facing many small firms. Fierce competition between the insurers in recent years has exerted some pressure to keep rates down but a rising level of claims and poor results from many of the big insurers suggest this is soon likely to change.

Figures published by the Association of British Insurers today showed a 23 per cent rise in the number of claims under commercial theft policies in the first half of 1991 and a 50 per cent leap to £165m in the amounts paid out by insurers.

"Premiums need to go up," says David Went, of the Norwich Union's commercial marketing department. "And minimum premiums may need to go up disproportionately."

The problem for the insurers is that writing policies on small companies is relatively more costly and time-consuming than dealing with large companies. "Small businesses which pay £100-£150 in premiums do not make much money for the insurer," says Went.

The response of the insurance companies has been to devise standardised insurance packages from which small commercial customers can choose the options which suit them. Legal & General Insurance (L&G), for example, has a combined business policy offering 13 options including theft, interruption of business and employer's liability. Legal expenses and computer equipment cover have recently been added to the options.

Norwich Union, meanwhile, is currently researching a small business package which it hopes will offer flexibility to customers with a minimum of administration for the company. Lloyds Bank offers a retailers' protection programme and a trades and services insurance programme designed for two particular segments of the small business market.

The need for insurance cover has become more acute in recent years due to the proliferation of health and safety legislation covering areas such as noise at work, asbestos and dangerous substances. As employees and their trades unions become more aware of their rights at work they are more likely to press claims against employers.

The insurance companies,too, have been adept at identifying new types of insurable risk. "Key man" insurance allows a business to insure against the loss of a key manager while business continuity or partnership insurance provides the funds to allows a business to buy out the spouse of a partner or director should a key player die. Meanwhile the tougher attitude being taken by the tax man has prompted the creation of policies which cover businesses against the accountancy and legal costs of a tax investigation.

But while developments like these are pushing small businesses to extend their insurance cover, the recession has put pressure on company finances and reduced their ability to pay the premiums.

"The recession is making it very difficult for small businesses," comments Fay Goodman, Midlands representative of the National Federation of Self Employed and Small Businesses. "They have to weigh up whether to take out insurance. If a company takes the risk and then gets hit by a burglary or a fire it may go out of business."

Companies are also tempted to cut back in areas such as fire prevention, reducing, for example, the frequency with which they clear away waste products. Meanwhile the growth in the number of empty shop premises increases the risks of break-in and fire for neighbouring shops.

And while the insurance companies clearly have an interest in providing an attractive service to their customers there are some in the small business community who question their ability to deal with this section of the market. Like the banks, many insurance companies are very large organisations and they do not always understand the needs of their small business customers, says Stan Mendham, director general of the Forum of Private Business.

A frequent complaint is that the insurer insists on the small firm taking security precautions that are well beyond its means to pay. Christine McDonald Craig, the owner of Circa Antiques of Guard Bridge, Fife, says her insurance company insisted she installed an alarm system when she moved to new premises.

"I had already spent a lot of money on relocating and had installed locks and wire mesh. But the minute the surveyor walked in I could see he had "burglar alarm" tattooed on his forehead. They were not prepared to negotiate or give me time to settle in. I detest big companies snapping their fingers and expecting their small customers to jump."

In the end McDonald Craig paid £350, more than she felt she could afford, for an alarm. She intends looking for a new insurer when the policy comes up for renewal.

The big insurers counter that their customers must take precautions to prevent claims levels rising even higher. "Insurance is not intended to be a substitute for sensible practices," comments David Meur, commercial insurances manager at L&G.

So how should a company set about getting insurance? Much of hard work of choosing a company and a policy can be taken away by using a broker. Go to more than one broker to make sure you are getting the widest range of quotes, some experts advise.

"If you go directly to an insurance company or a bank, you may be dealing with a clerk who just sends out a proposal form," says Peter Norton, a director of brokers Stafford Knight. "We would talk a customer through a policy."

But even if you are using a broker you must decide on the type of policy you want. Particular points to watch out for are the amount of any claim you will be expected to pay yourself (the excess) and any restrictions on the policy. "If the policy says you must install five-lever locks on all your doors, make sure you do or you will find the insurer refusing to meet your claim," says Peter Thompson, managing director of Mercantile Insurance Brokers (North West) of Preston.

One South London builder did not realise that hired equipment was excluded from his policy until thieves stole some hired scaffolding he was using and his insurer refused to pay. A Brighton art gallery owner was shocked to discover his policy did not cover thefts from his premises while they were open. Break-ins were covered but he had to bear the loss when someone walked out with two paintings during opening hours.

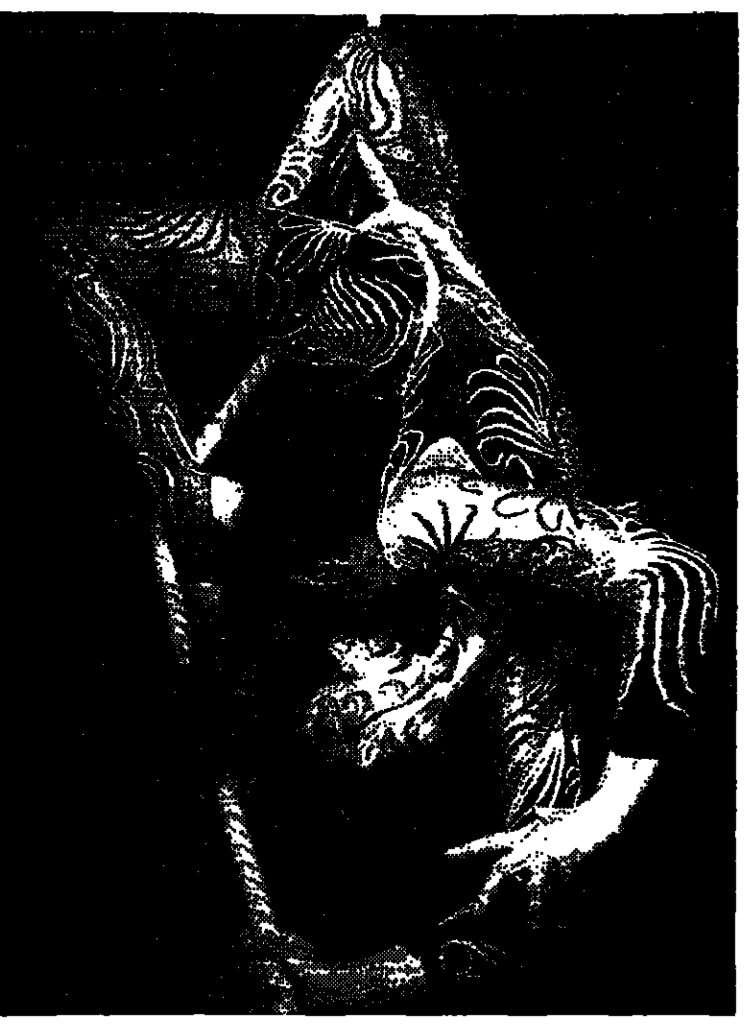
Small business owners often take an unduly narrow view of what needs to be covered. "They will take out insurance for £200 worth of tools, which they could replace themselves, but fail to consider the need for public liability insurance," says Norton.

Les Sheppard, founder of a chain of three Midlands DIY shops, was glad that he had taken out public liability cover, when a customer was injured by a pile of boards dislodged by another customer. Sheppard's insurance company met the claim for £16,000 which would have otherwise made a big dent in the company's profits.

The final choice of an insurance policy should depend on a combination of three factors; price, cover and ease of obtaining payment, the experts advise. A cheap policy which provides inadequate cover could prove a liability. An attractive policy from a company which disputes or delays payment – and even some of the big name companies can prove difficult here – is also not to be recommended.

Further reading: Small Business Insurance Advice Files. From the Association of British Insurers. Aldermary House, Queen Street, London EC4N 1TT. Free.

Director's Guide to Company Insurance. From Director Publications. Mount Barrow House, 12 Elizabeth Street, London SW1W 9RB. 80 pages. £9.95 + 50p p&p.



Insurance provides a safety net for Skinning the Cat performers

Taking account of the auditor

By Charles Batchelor

Most businesses regard the annual audit as an unpleasant chore. Many firms of accountants dislike the audit too because it appears to place them in the role of official snoops and spoils what they believe should be a more positive relationship with their clients.

Several ways to reduce the burden, and the cost, of an audit are suggested by accountants Blick Rothenberg:

- Before the audit starts check that your accounting records are up to date.
- Make an accounts and audit timetable. Sort out in advance where hold-ups are likely to occur and see that staff and data are available when needed. Warn your auditor where problems might occur.
- Have all the necessary documents ready. Do not waste time running to the bank for statements or rummaging through files for title deeds or contracts during audit time.
- Decide at what stage to pass accounts to the auditors. The more prepared the accounts are, up to draft stage if possible, the sooner the auditor can finalise them.
- Agree with the auditor on the format of any schedules and analyses he requires. These can then be prepared by your own staff, saving on auditor's fees.
- Do not revise the draft accounts every time a potential adjustment arises. Save any adjustments until the final stages of the audit when you can consider their overall effect with the auditor and decide whether they are material enough to warrant revising the accounts.
- Give the auditor somewhere suitable to work. He will require a good working surface, proximity to financial records, access to a telephone and secure storage for files.
- When the audit is finished, discuss immediately any problems to avoid repetition next year. Review the audit generally for possible improvements.
- Between audits review your internal controls. If the auditor can rely on them it will save you time and money.
- Review your accounting geography. Is all accountancy information processed in one place or is it dispersed? Doing it in one place is cheaper.
- Can you do without subsidiary companies which each require their own set of accounts? If you can restructure your company into several divisions under one umbrella you will have only one set of statutory accounts to prepare.

These suggestions are not aimed at doing your auditor out of a job, Blick Rothenberg says. Clients sometimes find it difficult to believe that clearing up their unsatisfactory accounting records can form a significant part of the auditor's final charge and are unwilling to pay for it. It is expensive to use your auditors to replace book-keeping and clerical staff.

How to Reduce Your Auditing Costs. Blick Rothenberg, 12 York Gate, London NW1 4QS. Free. Fax 071 935 6852.

In brief...

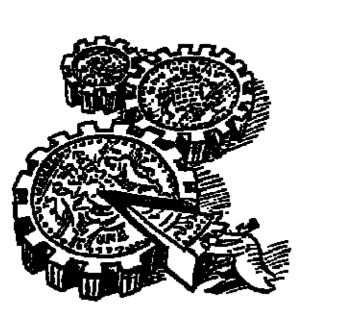
■ Businesses expanding overseas need the answers to a bewildering variety of questions from the most suitable form of corporate structure to the levels of taxes and social security contributions.

A new Guide to Cross-Border Acquisitions* by international accountants DRM (Dunwoody Robson McGladrey & Pullen) provides details on 19 countries. Each country section lists the different legal forms of company structure, the most important tax issues to be considered, anti-trust law and any capital market requirements relating to cross-border acquisitions. The guide covers western Europe, Japan and North America.

**Available from Susan Baker, Robson Rhodes, 186 City Road, London EC1V 2NU. Tel. 071 251 1644. 88 pages. £5.*

■ Small firms are twice as likely as large companies to increase their spending on training in the second half of 1991, according to a survey by Cranfield School of Management. It showed 55 per cent of small firms planned to increase expenditure, against just 23 per cent of large firms.

A shift in balance



In the fourth article of a series looking at public spending on research and development throughout the world, **Clive Cookson** examines the fundamental shift from public to private spending in the UK

The "privatisation" of research and development in the UK – the shift from public to private funding – over the past decade of the Thatcher era, is causing profound changes in the way the country carries out R&D.

The proportion of national expenditure on R&D financed by the government fell from 50 per cent in 1983 to 36.5 per cent in 1989, according to official statistics. Total government spending on civil R&D fell in real terms (1989 prices) from £2.81bn in 1981-82 to £2.67bn in 1989-90 and a projected £2.32bn in 1993-94. Defence R&D also is declining, from £2.44bn in 1981-82 to £2.15bn in 1989-90 and a projected £2.04bn in 1993-94.

The overall figures show that extra funds from industry, charities and other private sources are making up for the declining government support for R&D. But the "privatisation" of research is having very uneven effects across the scientific disciplines. In broad terms, it is shifting the balance of Britain's research effort from the physical sciences to the biomedical area. There are two main reasons for this:

● Within industry, UK chemical and pharmaceutical companies are increasing R&D rapidly, while other sectors are barely maintaining their effort. A survey published by the Central Statistical Office this summer showed that the chemical industry (including pharmaceuticals) increased spending by 45 per cent in real terms between 1985 and 1989. The remainder of manufacturing industry (electronics, aerospace, engineering and motor vehicles) managed only 3 per cent growth.

● Grants from medical charities to academic researchers are increasing very fast. Their total value rose from £149m in 1988/9 to a projected £220m in 1991/2 – matching the budget of the government's Medical Research Council. Researchers in the physical sciences have no equivalent source of private funds to make up for the squeeze on the Science and Engineering Research Council (Serc).

"Although there is some industrial support for applied physics, we do not have the same level of non-governmental support for the physical sciences as the biomedical sciences enjoy in the UK," says Martin Rees, director of the Institute of Astronomy at Cambridge university. "In the US, however, there is a tradition of private benefactions for astronomy."

Recognising that British astronomers would benefit from the diversity of funding sources available to their American colleagues, Rees is promoting an appeal for private money to build a new telescope. Cambridge university and Harvard university in the US are trying to raise $12m (£7.1m) each to build a four-metre observatory in Chile to survey the southern sky.

The Serc budget is squeezed particularly hard because it has to pay for Britain's growing subscriptions to "big science" projects overseas, through Cern (the European nuclear physics centre in Geneva) and Esa (the European Space Agency). These contributions are determined by international treaties and have to be for paid in Swiss francs. As a result, Serc announced this year that it would have to close the UK Nuclear Structure Facility at Daresbury, Cheshire, in 1992-93 – a decision that has provoked an international outcry among physicists.

Scientists want the government to pay separately for Cern and Esa, as other European countries do, and remove their subscriptions from the basic science budget. Rees points out that space-based astronomy generally gives much less value for money than ground-based astronomy; a US study found that $1m spent on the ground gives as much scientific value as $10m devoted to space research. The government should recognise that space science commands a premium price – justified for strategic and industrial reasons – and finance it accordingly, he says.

The concerns of academics are echoed in industry. "We are unhappy about a funding structure which effectively appears to leave ordinary chemistry research as a tail-end Charlie in the queue for funding, after the appetites of the big prestige projects have been fed, whether in pounds sterling or, even more problematic, in Swiss francs," says David Culpin, business development director of the Chemical Industries Association.

Another serious concern, in academia and in industry, is that cuts in government funding are pushing university scientists into short-term research projects with largely predictable outcomes.

"Today's financial pressures upon academic researchers, which are forcing them to concentrate their research upon areas of already defined commercial significance, cause us mounting concern," says Culpin. "We are strongly of the view that it is in the national interest and indeed the longer-term interest of the chemical industry, to preserve a healthy degree of academic freedom to pursue research which looks intrinsically interesting. An excessive bias towards exploitability pushes academic research too much towards industry's role and runs the risk for stifling genuinely new and creative approaches."

David Graham-Smith, professor of clinical pharmacology at Oxford university, agrees: "When money is tight, research councils only fund the very safe, short-term bets. The scientific establishment will not support the unorthodox idea or risky research."

One particularly damaging change in the framework for research is the increasing proportion of scientists working on short-term (often three-year) contracts. According to the Royal Society, Britain's senior scientific body, "1,200 permanent science and engineering posts in universities have been lost since 1979, while the proportion of science and technology staff on short-term contract posts has risen from 25 per cent to 42 per cent."

The decline in secure long-term funding is emerging from the Royal Society's current enquiry into the health of UK science as perhaps the most serious issue of all. University scientists say they have to spend an inordinate amount of time scrabbling around for short-term funding – which reduces their efficiency as researchers. At the same time, the lack of long-term career prospects is damaging the morale and motivation of young scientists.

Government critics say that damage to Britain's science base is beginning to show up in various measures of the country's scientific output.

"On the number of patents registered, the UK position has declined from being second only to Germany in 1963 to being bottom of the league table in 1988," says the Institution of Professionals, Managers and Specialists (IPMS), a researchers' trade union, in a report comparing member-countries of the Organisation for Economic Co-operation and Development (OECD). "On citations of published research, UK science is performing worse than it did at the start of the 1980s, while the other six leading industrial nations are doing much better."

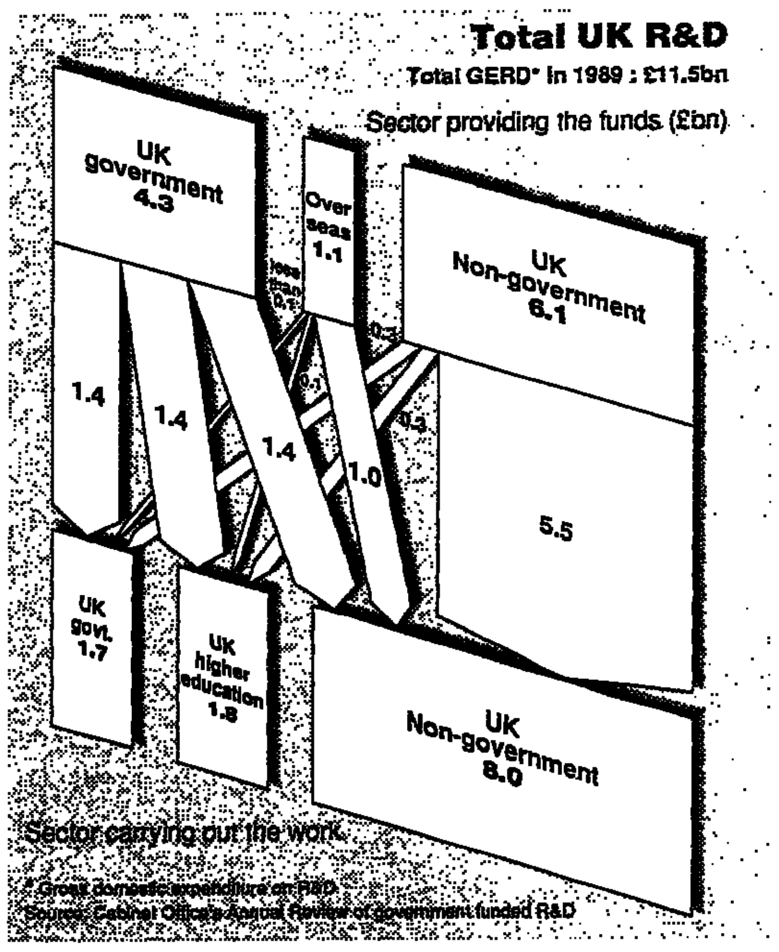
Meanwhile the government denies that British scientists face any more problems than those overseas. Alan Howarth, the minister responsible for science, told the British Association for the Advancement of Science last month that UK government spending on civil R&D amounts to 0.52 per cent of gross domestic product, "a very respectable proportion by international standards".

"The very success of science and scientists has meant that we have long passed the point where it is feasible to support all good work. As a politician I am bound to point out that it is necessary to address difficult questions about priorities," Howarth said. "There are no countries in the world, not even the US and Japan, where this kind of prioritisation, painful as it is, can be avoided."

The Labour party, however, is committed to increasing total UK expenditure on civil R&D from 1.8 per cent of GDP today to 2.5 per cent (though it gives no timetable for doing so). Labour's policy statement on science, issued in July, points out that Japan and Germany already devote 2.9 per cent and 2.7 per cent of GDP respectively to civil R&D.

A Labour government would push up direct public spending on research, and at the same time give companies an incentive to do more by introducing a 25 per cent tax credit for additional sums spent on R&D expenditure over the level in a base year. The US government already operates a similar R&D tax incentive scheme.

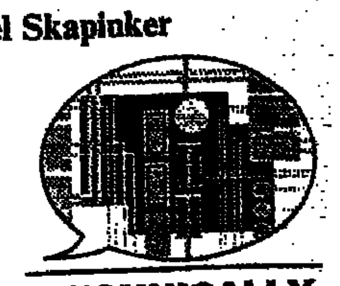
Some scientists have given the Labour proposals a cautious welcome but there is no sign of a scientific stampede to join the party. John Sharpey-Schafer, professor of nuclear physics at Liverpool university, expressed the common doubt: "The Labour party say they would love to repair British science but I don't think they will have the money to do it."



* Gross domestic expenditure on R&D
Source: Cabinet Office's Annual Review of government funded R&D

Starring role for the British

By Michael Skapinker



TECHNICALLY SPEAKING

Seeking out the British contribution to Berlin's vast biennial consumer electronics fair is a depressing experience.

Amstrad, a UK company which makes many of its products in the Far East, had a modest stall. There were, no doubt, a few other British companies among the hundreds of exhibitors. But there was nothing to match the exuberant, gadget-packed halls of the Dutch, Finns, French, Germans and Japanese.

On the last Saturday in August, it was almost impossible to move through the crush of Berliners who had come to gawk at the walls of television screens. The ordinary citizen's interest in home electronics seems impressive until one remembers that this is the first Berlin fair since the unification of Germany last October and that there are people for whom these consumer goods are still a novelty.

At which point, the whole event becomes depressing. There are wide-screen televisions, high definition televisions, televisions which allow you to watch one channel alongside miniature versions of the channels you are not watching. The problem is not the television sets. It's what's on them.

They show second-rate movies, small talk masquerading as discussion programmes and pop videos. As a company representative demonstrates a remote-control handset, a semi-naked female form writhes on the screen behind him.

One must tread carefully. Many of those packing the exhibition have endured decades under the heel of those who thought they knew what was good for them. If newly-liberated Europe wants the tat beamed from satellites and many terrestrial transmitters, then so be it. But there must be something better than this.

At one stand a pop group is playing, its image projected onto yet another bank of screens. The playing is appalling, but the tune sounds vaguely familiar. It is 'I Want To Hold Your Hand', followed by a medley of assaults on other Beatles' tunes.

The British might have disappeared from the ranks of equipment manufacturers, but their presence is evident elsewhere. When Philips of the Netherlands presents its new digital cassettes, its display is dominated by blown-up models of the new Dire Straits album.

It is impossible to look at television anywhere on the continent without being struck by the comparative quality of the British offering.

Is this Britain's future in consumer electronics – to provide the programmes and the music? If so, it is not a bad one. One senior European electronics executive confides that making TV sets is a mug's game. Labour costs are high, margins are thin and the competition is horrendous.

A British concentration on consumer electronics 'software' is not the familiar tale of exchanging manufacturing for services. Much of the manufacturing takes place in the UK too. The competition European manufacturers worry about comes from the Japanese, who make their sets in Britain.

There are those who will scorn the notion that the UK's TV and musical talents could give it a central role in European consumer electronics. The dogged search for the cloud in every silver lining is as British as the Beatles.

Sceptics could point out that the Japanese will eventually acquire the remaining British music labels; that the UK government's auction of independent television franchises will do lasting damage to the TV industry; and that the BBC's future is far from secure.

These objections might be true, but native television and musical talent is unlikely to disappear. As the Berlin band's strangled efforts demonstrate, there are some things that are not easily imitated.

BUSINESS WANTED

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SEEKS

A TOTAL FACILITIES MANAGEMENT BUSINESS

Bimec Industries plc is amongst the fastest growing technology-based engineering groups in the country and intends expansion into the total facility management field.

Ideally, the business should be operating in the south-east of England, have an established activity and customer base and annual sales of around £5 million. This will complement present maintenance business in the mechanical and electrical fields and enable the offer of a comprehensive property care package incorporating cleaning, security and building fabric maintenance.

This could be an outstanding opportunity for ambitious owner/management wishing to expand but lacking resources. An exchange of shares in a private company for shares in a public company will help tax planning and as part of a quoted Plc this could be an ideal career development for the management.

All replies will be treated in the strictest confidence and Principals should apply to:

Mr S M Smith
Executive Chairman
Bimec Industries plc
43 Elmdon Trading Estate
Bickenhill Lane
Birmingham B37 7HR
Tel: 021 781 0033

COMPANY REQUIRED

ELECTRICAL/MECHANICAL ENGINEERING COMPANY REQUIRED TO PURCHASE-BASED IN LONDON AREA

Glasgow based *Electrical Contractor*, privately owned/family run business, involved with Electric Traction Motor repair Contracts, Wishes to acquire a similar Company. A London/South East area base would be preferred although consideration would be given to a suitable Company in the Midlands. A business involved in general industrial repairs could also be of interest. We are looking for a profitable Company with a good track record and financial stability but serious consideration could also be given to Companies in need of capital. The Company envisaged would be modern, have BS 5750 approval and a substantial T/O.

The main complex is based in Glasgow and has a good order book, with Contracts giving a secure future. To enable the Company to expand and develop the future, which has much opportunity, a business in the south is required. We would offer a good price for a suitable Company and secure employment for all retained personnel and management.

Please reply, in strict confidence to:
W. D. WIGHTMAN, MANAGING DIRECTOR,
M & C SWITCHGEAR LIMITED,
8 ROGART STREET, GLASGOW G40 2AA
TELEPHONE: 041 556 7474 FAX: 041 556 3363

Up to £2.5 million Cash Available

We are looking to acquire an established business or businesses (within 100 miles London) with management or financial problems which would benefit from an injection of capital. Min turnover £1m.

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Experienced entrepreneurial investor seeks industrial/commercial business acquisition where growth and opportunity are presently restricted by inflexible banking.

Net assets must exceed L10 million.

Please write in confidence to Box H9682, Financial Times, One Southwark Bridge, London SE1 9HL.

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We are a substantial and highly profitable privately owned company engaged in various sectors of the food industry.

We wish to acquire sound companies with independent management. We are particularly interested in commodity-based products; ingredients recipe and pre-prepared meals, chilled or frozen, but will consider other sectors.

Write to Box H9672, Financial Times, One Southwark Bridge, London SE1 9HL.

We are an established merger broking company, constantly looking to contact sound companies in both the UK and overseas.

We would be pleased to hear from controlling directors and principals of companies with minimum turnover £1m and pre-tax profits £100k with no upper limits, who wish to either buy or sell.

For further details please telephone:

Mark Dunn ACA on 0625 537733 or fax 0625 536001

REQUIRED

Small to Medium Sized ENGINEERING COMPANY Electrical or Mechanical, situated in West London or Thames Valley.

Write Box H9661, Financial Times, One Southwark Bridge, LONDON. SE1 9HL

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Required by expanding Group in South East Must be within 35 mile radius of central London.

Please write with full details to Box H9667, Financial Times, One Southwark Bridge, London SE1 9HL

Lease/HP Company Wanted

net receivables in excess of £10m, *preferably some* vehicle content.

Write to Box H9664, Financial Times, One Southwark Bridge, London SE1 9HL

BUSINESS WANTED

Small wel established publishing and exhibitions company wants expand business-to-business activities through *acquisition of* additional titles/exhibitions/conferences.

Write to Box H9673, Financial Times, One Southwark Bridge, London SE1 9HL.

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WE ARE LOOKING TO PURCHASE MEDIUM SIZE SEWING BUSINESS

garments or industrial products, from receiver or as a going concern.

Write Box H9594, Financial Times, One Southwark Bridge, London SE1 9HL

THE BUSINESS PAGE

ALSO APPEARS ON PAGE 24

BUSINESSES FOR SALE

Touche Ross

Rochford Hall Construction Limited
Rochford Hall Plant Limited
Pipeline Surveys Limited

(All in Administrative Receivership)

John Wilson and Lindsay Kennedy Denney, Joint Administrative Receivers, offer for sale the assets and undertaking of the above group of companies as a whole, or separately.

- ☐ Group of Companies engaged in Groundwork Operation.
- ☐ Customer Base comprising National Builders and Civil Engineering Companies, Area Health Authorities, Local Health Authorities and Housebuilders.
- ☐ Unique system for Pipeline Survey Inspection.
- ☐ Centrally located in freehold premises extending to two acres near Worksop, Nottinghamshire.
- ☐ Turnover for 12 months to January 1991 of £3.75m.

For further particulars please contact John Wilson, the Joint Administrative Receiver, or Dian Wardle at the address below.

1 Woodborough Road, Nottingham NG1 3FG.
Tel: 0602 500511. Fax: 0602 590060.
Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

DRT International

Touche Ross

Wickham Rail Limited

(In Administrative Receivership)

The Joint Administrative Receivers offer for sale the business and assets of the above company.

- ☐ World leader in design and manufacture of track inspection cars, maintenance trolleys and road-rail vehicles.
- ☐ Lucrative spare parts business based on sales of over 11,000 rail cars/trolleys throughout the world.
- ☐ Highly skilled and motivated workforce.
- ☐ Substantial current order book.
- ☐ Freehold 4 acre site in Suckley, Worcestershire.
- ☐ Also offered for sale is the Timberking mobile sawbench business including all manufacturing tooling.

For further information, please contact J.B. Atkinson or R.A. Hemmings at the address below.

Newater House, 11 Newhall Street, Birmingham B3 3NY.
Tel: 021 631 2288. Fax: 021 236 1513.
Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

DRT International

Touche Ross

South Wales Furniture Manufacturer

Trimco Limited – In Administration

The goodwill, business and assets are offered for sale by the Joint Administrators of a furniture and upholstery manufacturer based in South Wales.

The Company specialises in building custom designed luxury furniture in the United Kingdom and overseas.

- ☐ Turnover £1m per annum.
- ☐ 15,000 sq. ft. freehold factory.
- ☐ Skilled workforce.
- ☐ *Specialist machinery.*

For further details, please contact R. G. Ellis or J. W. Davies at the address below.

Blenheim House, Fitzalan Court, Newport Road, Cardiff CF2 1TS.
Tel: 0222 481111. Fax: 0222 482615.
Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

DRT International

Superstores Plc

(In Administration)

Furniture Retailer – South East England

The Joint Administrators offer for sale the business and assets of Superstores plc.

- Principally based in the South East and trading under the names of Sofaland and SofaSleepas.
- Ten retail outlets including four superstores each with floor areas in excess of 11,000 square feet.
- Freehold retail premises of 5,000 square feet at Brentwood.
- Annual turnover of approximately £5 million.
- Stocks of quality UK manufactured furniture.

For further information, contact the Joint Administrators, Ken Jones or Andrew Menzies.

ROBSON RHODES

Centre City Tower, 7 Hill Street, Birmingham B5 4UU
Telephone: 021-643 1936. Fax: 021-643 4993
Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business

Touche Ross

Residential and Nursing Home

(In Receivership)

The Receivers, Ralph S. Preece and Gurpal S Johal, offer for sale the goodwill and assets of a residential and nursing home based in Wrexham, North Wales. The main features are:

- ☐ New, purpose-built EMI nursing home with a total of twenty-five beds.
- ☐ Adjoining residential home with a total of nineteen beds.
- ☐ Set in 2.5 acres of grounds.
- ☐ Planning permission for a further self-contained, forty bed nursing home.

For further details, please contact Ralph Preece or Ted Wetton at the address below.

10-12 East Parade, Leeds LS1 2AJ.
Tel: 0532 439021. Fax: 0532 448942.
Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

DRT International

DROME, COTES DU RHONE FRANCE

Freehold property, presently used as a business and private residence 9 holes golf course, paying fees on daily basis, hunting, and horses. Beautiful house, reception, bar, restaurant, offices. Planning permission for swimming pool and bungalows. Total area 650 acres Alt 750m, can be extended to 18 holes golf course. 20mn from local airport, 30mn from Valence. Train TGV to Paris in 3 hours. Price £1.2 million

Fax: 071-439 0789
Write to Box H9655, Financial Times, One Southwark Bridge, London SE1 9HL.

LONDON W1

Recruitment Bus. For sale. P/T profits £25,000 p.a.

Write to Box H9669, Financial Times, One Southwark Bridge, London SE1 9HL.

Smith & Williamson

Corporate Recovery · Litigation Support · Corporate Finance · Taxation · Banking
Investigations · Investment Management · Pensions & Life Assurance · Accounting · Auditing

The Joint Administrative Receivers offer for sale the business and assets of

BIBLIO GRAPHIC LIMITED

The company is involved in the marketing and sales of video cassette boxes and loose leaf binders and comprises:

- ★ Attractive newly refurbished freehold property in Chesham of 2,000 sq ft.
- ★ European market leader in video cassette box sales.
- ★ Turnover 1990/91 of £3.3m with substantial gross margin.
- ★ Significant order book on all product lines.
- ★ Experienced and highly dedicated sales and marketing team.

For details, contact Peter Yeldon or Mike Stevenson on 071-637 5377 at the offices of Smith & Williamson, No. 1 Riding House Street, London W1A 3AS. Fax: 071-323 5683.

Smith & Williamson, Chartered Accountants Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business	**Smith & Williamson Securities** Authorised institution under Banking Act 1987. Member of IMRO. Member of the British Merchant Banking and Securities Houses Association

Pegasus of Crewe Limited

(In Administrative Receivership)

The Joint Administrative Receivers offer for sale, on a going concern basis, the business and assets of the above company.

- *Manufacturers of toys, rocking horses, children's nursery furniture and wooden garden furniture*
- *Turnover in the region of £1.5m*
- *Operating from premises in Crewe*
- *Strong order book for Christmas*
- *Approximately 30 employees*

For further details please contact the Joint Administrative Receivers F. W. Taylor and D. Bailey, Ernst & Young, Silkhouse Court, Tithebarn Street, Liverpool L2 2LE. Tel: 051-236 8214. Fax: 051-236 0258.

ERNST & YOUNG
Authorised by The Institute of Chartered Accountants in England and Wales to carry on investment business.

Hadrian Care Limited

(T/A Greenacres Nursing Home)

The Joint Administrative Receivers offer for sale the business and assets of Hadrian Care Limited.

- *Recently renovated nursing home registered for 60 beds (49 occupied)*
- *Receivership due to shareholders dispute*
- *Profitable business*
- *Freehold land attached and adjoining with significant development potential*
- *Located on outskirts of Newcastle upon Tyne*

All enquiries to Roger M Griffiths, Joint Administrative Receiver, Ernst & Young, Central Exchange Buildings, 93A Grey Street, Newcastle upon Tyne NE1 6EJ.
Telephone: (091) 221 1222. Fax: (091) 261 2916.

ERNST & YOUNG
Authorised by The Institute of Chartered Accountants in England and Wales to carry on investment business.

On the Instructions of Ian Murdoch, Andrew Thompson and Peter Masterson of KPMG Peat Marwick, Joint Administrative Receivers of the owning companies operating the following hotels:–

The Old Manor Hotel
Fife
19 bedrooms (15 en suite)
Offers around £725,000 freehold

The Rhos Abbey Hotel
Rhos On Sea, Clwyd
32 en suite bedrooms
Offers around £550,000 freehold

The British Hotel
Bangor
23 en suite bedrooms
Offers around £350,000 freehold

The Royal Hotel
Caernarfon
58 en suite bedrooms
Offers around £525,000 freehold

The Hotel Imperial
Barrow in Furness
55 en suite bedrooms
Offers around £625,000 freehold

For further details please contact Colin Wellstead at Christie & Co.'s Corporate and Acquisition Division in Leeds. Westgate Point, Westgate, Leeds LS1 2QZ. Tel: 0532 459667.

CHRISTIE & CO
CORPORATE & ACQUISITION

Hawkeye Systems Limited

(In Administrative Receivership)

The Joint Administrative Receivers offer for sale the business and assets of the above company.

- *Design, assembly and installation of electronic security systems*
- *Leasehold premises – Hitchin, Herts*
- *Plant, equipment and fixtures*
- *Stock and work in progress*
- *Turnover in the 11 months ended 28 February 1991 – £374,000*

For further details please contact the Joint Administrative Receiver Chris Hill, or Jeremy Barnett, Ernst & Young, Compass House, 80 Newmarket Road, Cambridge CB5 8DZ.
Telephone: 0223 461200. Fax: 0223 324609.

ERNST & YOUNG
Authorised by The Institute of Chartered Accountants in England and Wales to carry on investment business.

Greetings Card Printer/Publisher

Established and well-known greetings card printer/publisher principally supplying the wholesale market. Currently loss-making and in need of turnaround management. Turnover £5 million pa approx. Net assets £1.5 million approx.

For further information contact Simon Gleave or Jim Keeling, KPMG Peat Marwick, 1 Puddle Dock, Blackfriars, London EC4V 3PD.
Tel: 071 236 8000 x 4813. Fax: 071 832 8252.

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

KPMG Corporate Finance

Hi-Lite Signs (Southern) Limited

The Joint Administrative Receivers, W.R. Tacon and A.R. Bloom, offer for sale the business and assets of Hi-Lite Signs (Southern) Limited.

- *Based in Edmonton, North London*
- *Good customer base*
- *Skilled workforce*

For further details please contact Mike Rollings, Ernst & Young, Becket House, 1 Lambeth Palace Road, London SE1 7EU.
Telephone: 071-931 3544. Fax 071-928 1345.

ERNST & YOUNG
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The directors of a

BUSINESS CENTRE

providing serviced accommodation wish to sell as a going concern to concentrate on other interests.

20 minutes Gatwick/M25	£142k annual income from current tenants
3,300 sq ft - 9 year lease	Potential for a further £50 - £60k

Write Box H9674, Financial Times, One Southwark Bridge, London SE1 9HL.

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Trade Waste Disposal Company
Situated North West
Turnover £950K and increasing.
Principals only please write Box H9657, Financial Times, One Southwark Bridge, London SE1 9HL

Plant Sales and Hire

Northampton

The Joint Administrative Receivers offer for sale the business and assets of Webster Plant (Northampton) Ltd.

Principal features include:

- Turnover £2m.
- 10 employees
- Stocks of machinery, equipment and spares.
- Small hire fleet.
- Service and maintenance facility.

For further information contact the Joint Administrative Receiver, Myles Halley, KPMG Peat Marwick, Spencer House, Cliftonville Road, Northampton NN1 5BN. Telephone (0604) 34480. Fax: (0604) 32297.

KPMG Corporate Recovery

TRAVEL AGENTS

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Located London

High quality commercial clients.

Net retained brokerage in excess of £1 million.

Principals willing to remain

For further details please phone 081 349 4453 Ref BB

The Joint Administrative Receivers, D.M. Walker FCA and R.H. Barker ACA, offer for sale the business and assets of Regalbox Limited, T/A

THE IMAGE COMPANY

TELEVISION PRODUCTION FACILITIES HOUSE

LEEDS

- On line editing – 2 Suites, 1 Fully Component and 1 Multi-Format.
- 4 Ampex 1"C Format VTR's, 6 Betacam SP VTR's.
- Quantel Paintbox.
- O.B. Vehicle.
- Camera Rental Department.
- Computerised 35/16mm Aerial Image Rostrum Camera.
- Bulk Duplication.
- Leasehold Fully Equipped Premises.

For further particulars please contact D.M. Walker or L. Cotter, Baker Tilly, Yorkshire House, Greek Street, Leeds LS1 5SH. Tel: 0532 449912. Fax: 0532 436728, or at the company's premises at 248 Meanwood Road, Leeds LS7 2HZ. Tel: 0532 623342. Fax: 0532 625798.

CHARTERED ACCOUNTANTS

BAKER TILLY

Baker Tilly is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Dryside Limited
Morcat Limited
Imagery Limited
Generated Elements Limited

(all in Receivership)

The Joint Administrative Receivers I N Carruthers and D R Wilton offer for sale as a going concern the business and assets of:-

Dryside Limited and its subsidiaries

- *Morcat Limited*
  - production and supply of 4 colour printed material
  - key markets include general marketing and advertising literature, training and educational and magazines
  - operates from long leasehold premises (87 years) close to the centre of Birmingham
  - blue chip customer base
  - *turnover for year ended 30 April 1991 - £2.4m*
- Imagery Limited
  - provision of scanning facilities for production and supply of lithographic plates
  - operates from leasehold premises close to the centre of Birmingham
  - turnover for year ended 30 April 1991 - £1.0m (50% inter-company)
- Generated Elements Limited
  - provision of scanning facilities for the reprographic industry
  - provision of technologically advanced planning techniques in reproducing photographic or flat artwork
  - preparation of 4 colour separations
  - operates from premises in Redditch
  - turnover for year ended 30 April 1991 - £589K (25% inter-company)

For further details please contact either Ian Carruthers or Neil Tombs at:- Cork Gully, 43 Temple Row, Birmingham B2 5JT Tel: 021 236 9966 Fax: 021 200 4040 Telex: 337 892

Cork Gully

Cork Gully is authorised in the name of Coopers & Lybrand Deloitte by the Institute of Chartered Accountants in England and Wales to carry on Investment Business

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BUSINESS FOR SALE

The Joint Administrative Receivers offer the assets of the business for sale.

Leading manufacturer of English traditionally handmade furniture. The company's business comprises:-

- Leasehold showroom in London
- Freehold manufacturing base in Newcastle
- Shares in wholly owned trade/retail subsidiary which operates from 16,000 sq. ft. showroom and warehouse in New York city
- Several distributorships throughout USA

Turnover of the group approximately £7.6 million. Interested parties should contact the Joint Administrative Receivers.

Reference: L3397 Telephone: 071-267 4477 Telefax: 071-485 1486

LEVY GEE

Kramo Ltd.
Skingley (Cranes) Ltd.

(In Administrative Receivership)

The Joint Administrative Receivers offer for sale the businesses and assets of the above companies.

- *Heavy lifting contractor*
- *Patented mast and jack system for carrying out heavy lifts, together with a Modular Shiplift system*
- *Plant and equipment consisting of a number of mast and jack systems*
- *Freehold premises South Humberside - 3.8 acres*
- *Turnover - 10 months to 31 January 1991, in excess of £2 million*

For further details please contact the Joint Administrative Receivers Alan Marlor or Mark Dobell, Ernst & Young, Barclays House, 6 East Parade, Leeds LS1 1HA. Telephone: 0532 431221. Fax: 0532 442241.

ERNST & YOUNG

Authorised by The Institute of Chartered Accountants in England and Wales to carry on investment business.

Thuleknit (Shetland) Ltd.

The Joint Receivers offer for sale, on a going concern basis, the business and assets of Thuleknit (Shetland) Limited together with those of its subsidiaries, William Watson & Sons (Hawick) Limited and Glengair Limited.

- *Wool spinners and manufacturers of Shetland and lambswool knitwear*
- *Freehold premises in three locations in Scotland, totalling 75,000 sq ft*
- *Skilled workforce of 70 employees*
- *Substantial forward order book*
- *Blue chip customer base*

For further details please contact Graham Ritchie or John Hall, Ernst & Young, 17 Abercromby Place, Edinburgh EH3 6LT

Tel: 031-556 8641. Fax: 031-556 5156.

ERNST & YOUNG

Authorised by The Institute of Chartered Accountants in England and Wales to carry on investment business.

Ice Rink Arenas

The Administrative Receivers offer for sale in whole or in part, the business and assets of the C L Gaul Group of companies comprising four Ice Rink Arenas

Located at:	Bournemouth	Aldershot
	Gosport	Ryde

together with associated manufacturing wholesale and retail operations servicing this sector of the leisure industry

For further details contact Mark Palios, Roddy Tippen or Nigel Reckham,

Cork Gully, Mount Pleasant House, Huntingdon Road, Cambridge

Tel: 0223 313611 Fax: 0223 462111

Cork Gully is authorised in the name of Coopers & Lybrand Deloitte by the Institute of Chartered Accountants in England and Wales to carry on Investment Business

Cork Gully

PROFITABLE SCOTTISH BASED KNITWEAR MANUFACTURER FOR SALE

Turnover circa £5 million

Principals only please write Box H9675, Financial Times, One Southwark Bridge, London SE1 9HL

Partly Patented Cladding System

The Joint Administrative Receivers of Coseley Building Systems Ltd offer for sale the design rights to the Aspect II cladding system.

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Authentic thoughts

As the 'Mozart Now' series ends, conductor Frans Brüggen talks to **Andrew Clements**

"Mozart Now", the South Bank's bicentenary bash, ended this weekend with four concerts by the Orchestra of the 18th Century under its founder conductor Frans Brüggen. Over the last decade the orchestra has established itself as the most dashing and exciting of the period-instrument bands and Brüggen as one of the leaders of the authenticity movement, alongside Nikolaus Harnoncourt and the British cadre of Roger Norrington, John Eliot Gardiner and Christopher Hogwood.

Brüggen's career has had a fascinating trajectory; his emergence as an orchestral conductor built upon his great achievements as a recorder player, perhaps the finest of the second half of this century. As a child in Holland he had been *brought up on the sound of the Concertgebouw* Orchestra under Eduard Van Beinum, but even then detected something lacking in their Mozart: "I found most of their performances of Classical music dishonest, not serving the composer; it was all fantastically played, but something was not right."

Later when he was well established as a recorder player Brüggen found himself gradually drawn into conducting, first through the Baroque. Record companies in the late 1950s and early 1960 were keen to promote recorders and harpsichords, and when the repertory became more orchestral someone was needed to direct the performances. Playing old music on an "old" instrument authenticity came naturally; "By the beginning of the 1970s there were enough old string players to have a small orchestra and we moved forward logically, from Telemann to Mozart. It was a new world; suddenly you heard a Mozart symphony with all its beautiful middle parts and no balance problems; the piece played itself."

Frans Brüggen rehearsing

Brüggen is quick to emphasise that authenticity is much more than a cosmetic exercise in colour and texture which replicates the sound of the 18th-century orchestra but not the style and spirit of the performance: "The rhetoric of the time we know, the canon of tempi we know, the acoustics perhaps less so, the social circumstances hardly at all. We have to recover the capability of the players to be surprised by the simplest things – contrasts of high and low, loud and soft – and remember that easy passages were easy, and difficult things difficult. After Paganini's time difficult things had to *seem easy and easy things had to be made* interesting, hence the enormous vibratos and so on. That is hard, but if you have an old instrument of course it helps.

"I think Mozart's orchestra were a ruin as regards pitch and ensemble, and not everybody did the same thing at the same time. Parts that went down decrescendoed, parts that went up crescendoed; the bigger interval the shorter it was articulated, the narrower the interval the longer it was made, so that you ended up with a fantastic kind of clock work with each part treated in individually. With a modern symphony orchestra you have teach that approach; they are sonic, rhythmical ensembles, interested in sound. They want to do things together."

Authenticity has triumphed in baroque performances and all but won for Haydn and Mozart. The battleground has switched now to the early Romantics. Brüggen and his orchestra are completing their Beethoven cycle for Philips *and beginning to record Schubert and Mendels*sohn, but he does not foresee his explorations moving forward much farther into the 19th century.

"The last work you can treat with the same instruments and mentality is Beethoven's Eighth Symphony: Beethoven 9 is the new chapter. *There you need slightly more modern* instruments, winds with more keys and valves, strings with chin holders. The crucial period is between Beethoven 9 and Berlioz; by the time of Berlioz the orchestra was fully modernised. That's what I think now, but I must confess that five years ago the last thing I thought we could perform was *Beethoven's Third!*"

The rewards of being a conductor though are perennial. "It's attractive to make sound after silence; it's a great moment. One second there's no time, the next it's no fun any more. Time has always attracted me, as a recorder player and as a conductor: the ways in which it can be regulated and tension built up by giving it in doses; by not beginning earlier than . . . now!, and not a split second later or earlier. One doesn't play for an audience; once the first note has sounded the whole piece is predestined.

"I feel like the modern curator of a beautiful museum, which has access to lots of money, and who can alter his museum when he wants a new room for his early Italians and so on. It's a technological museum; I'm very happy with that. I'm proud of the content of my museum, its literature and its musicians. I just have to try to ventilate and restore my collection, stripping off the centuries of varnish, as well as a I can."

Mozart Now

ROYAL FESTIVAL HALL

For the last performance in "Mozart Now" on Sunday the two groups that have dominated the fortnight's music-making, the Orchestra of the Age of Enlightenment and the Orchestra of the 18th Century, joined forces to re-create a performance given in the Vienna Burghtheater in April 1791. The benefit concert that Antonio Salieri conducted eight months before Mozart's death involved an orchestra of over 100 musicians, and the programme is known to have included "A grand symphony composed by Mr Mozart", quite *probably the G minor* K.550.

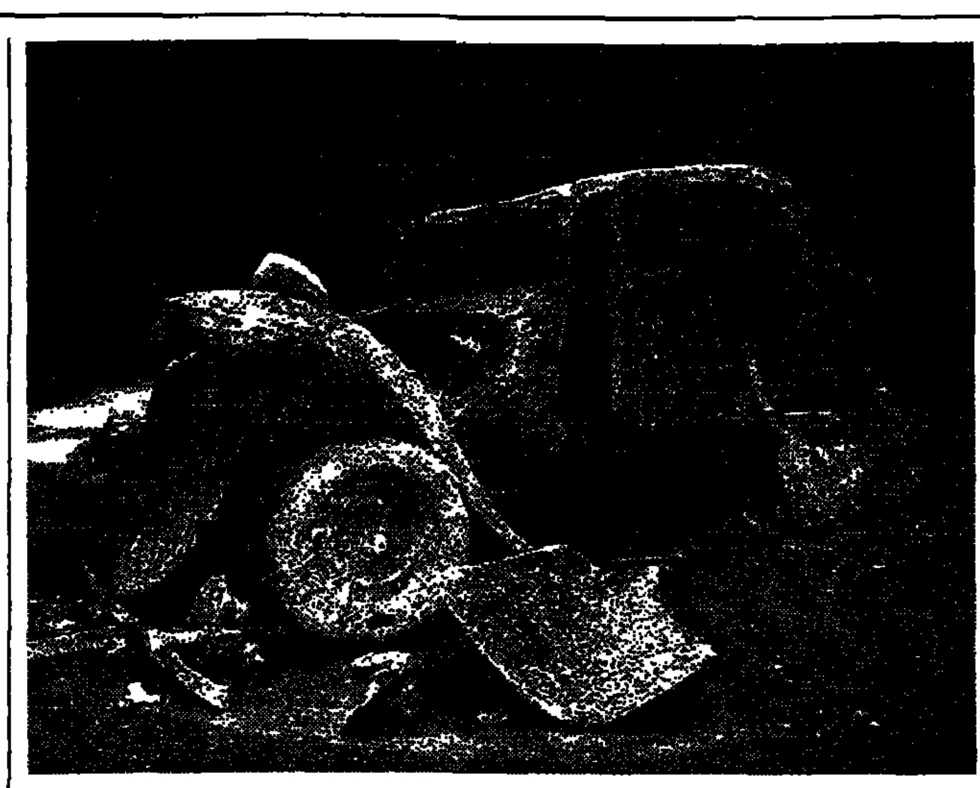
So this celebration ended with a massive performance of that symphony, conducted by Frans Brüggen. The platform was overflowing with massed violins, quadruple wind, and *eight double basses arrayed in* a single, dramatic line across the back of the stage. String textures were dense, intricately detailed yet, because everything was carefully proportioned, never clotted; the brass was imposing without becoming domineering. Forces were halved for the slow movement, unfolded by Brüggen with straightforward clarity, and then brought back to full strength for fierce, urgent accounts of the minuet and finale.

Brüggen appears to have relaxed his rigorous ideas on repeats. Where he used to observe even the second-half repeats in Mozart's finales, to the detriment, it often seemed, of the development sections, on this occasion he allowed the G minor's explosive chromaticisms to make their impact just once. The symphony was tauter as a result, and unfailingly dramatic.

The C major Symphony K.338 had received similar big-band treatment, and brought a virtuoso display of period articulation and phrasing from the strings; the buzzing bass lines that propelled the finale had a clarity a modern orchestra could never have matched. Brüggen managed a very artful balancing act, giving the exhilarating impression of a performance flying by the seat of its pants, while every element in the scheme was slotted into place with total assurance.

The filling in this symphonic sandwich was less satisfying. With a such a superfluity of musicians it might have seemed a good idea in theory to air the Notturno for four orchestras K.286, written in Salzburg in 1777, but it really is Mozart going unconvincingly through the motions, while Arleen Auger seemed uncomfortable in the concert aria "Misera! dove son" K.369, if more convincing in the Countess's arias from *Figaro*. Another symphony, though, would have been far more welcome.

Andrew Clements



'The Chariot', 1991, a bronze by Arman

Chic convention rather than radical chic

William Packer visits Lyon, the new home of the revived biennale of contemporary art in France

The unlamented, indeed unremarked demise of the Paris Biennale in the mid 1980s says much of the present standing of France and her artists in the world of international contemporary art. On the other hand it is not quite *the nature of the French to* acquiesce meekly in such a state of affairs. The reinstatement of a biennale of contemporary art in France, under the generous auspices of the Ministries of Culture and Foreign *Affairs and the regional and* civic authorities comes therefore as no surprise. What is perhaps surprising, and quite as welcome in its devolutionary example, is that this fresh enterprise should be set for once well away from Paris.

Lyon, second city of France, is to be the home of this revived Biennale at least for its first three occasions. Its inaugural curators, Thierry Prat and Thierry Raspail, colleagues at the Musée de l'Art Contemporain at Lyon, are also contracted to oversee its two immediate successors. We can hardly expect their plans to be well advanced as yet, but it is clear that, like the first, they will be chosen along particular themes or principles, rather than follow the pattern of the more open participatory free-for-all. That said, each will be different, one perhaps taking an international overview, the next taking its cue from the century's approaching end to examine those aspects of modernism that still give the face of 20th century art its character.

By the mid 1990s, therefore, we should know well enough whether these Lyon Biennales are to stick as major European events, or not. As to that particular prognosis, however, the runes cast last week, with the opening of the first of them (until October 13), rest ambiguous. *L'amour de l'art* is its title, and its particular subject, "an exhibition of contemporary art in France", is admission enough that any address to the international currency of modernism can wait.

It is as though our own Arts Council's quadrennial *British Art Show*, or any Summer Show at the Royal Academy for that matter, should arrogate to itself a larger international significance simply for being the national creature it is – nice try, but some hope. Only the French, we feel, would expect to get away with it.

The irony is that this first of the Lyon Biennales proves to be especially useful, at least to the foreign observer, precisely because it is so parochially constrained. My colleague of *le Figaro*, calling for an open *European biennale of the* young, railed against the narrowness and, to him, pointlessness of the choice but, for me, here at last was an opportunity to consider a substantial *tranche* of French art, which treat we have been denied for a generation past. "Does one believe this the way", thundered *M.le Figaro*, "to persuade foreigners to cast a favourable eye over the French scene?" Well, perhaps not, but at least we can see that there is still a French scene there. We must confess we had long had our doubts.

L'amour de l'art presents the work of some 70 artists presently at work in France, with the sad exception of Jean Tinguely, who died two weeks ago and whose space stands dark and empty. Each has been afforded a more-or-less equal and entirely self-contained space to fill with his work at his own discretion. This is no show for direct comparisons or unexpected conjunctions: one rather for discrete and particular consideration. Most of the artists are housed in the magnificent Halle Tony Garnier, built by the eponymous architect on the eve of the First World War and now restored as an exhibition centre. Eight are shown at the Musée d'Art Contemporain itself, in the heart of the old city, with two more in temporary spaces in the streets nearby. And the final six are to be found at the Espace Lyonnais d'Art Contemporain, in the warren-like new development beside the main railway station, Lyon-Perrache.

The curators' declared aim is to encourage in the open-minded visitor a response that is visual and sensual before ever it is cerebral, to make him "think and feel through the eye". And in so copious a sample, there are bound to be a few who make just such an impression, their work declaring itself on its own terms without gratuitous *explanation or fashionable* pleading. It is perhaps significant that these, without exception, prove to be among the older artists, whose maturity predates the orthodoxies and easy options *of the environmental*, conceptual or theatrical installation and the inflated scale.

In this respect, the dense expressionist impasto of Eugene Leroy, the torn-poster collages of Jacques Villegle, Martin Barre's cool soft-edged abstraction and Daniel Spoerri's surreal relief assemblages are alike impressive and memorable, and hardly new. All are self-sufficient, integral, well crafted, almost old-fashioned works of art. Even Pierre Soulages at his most chic, his thick, smooth black paint deeply scored to catch the light, at least retains respect for that old autonomy of the worked surface. François Morellet, a most distinguished systems constructivist, succumbs to the installation temptation, showing a bare room, the walls stepped out and dropped to the floor in simple proportion to the space.

For the rest it is a matter of chic and elegant convention, no figuration pursued for its own humane sake, and no conceptual, political or sociological polemic on the other hand – no radical chic, which is a considerable mercy. What we have is an anthology of the safest sort of the modern curator's art, large, greedy of space, empty of feeling, safe in the museum space for which it was manifestly designed. Oh for some painting, some drawing, something made with bare hands in response to something seen and felt – that would be truly radical. Straight from the New Contemporaries and the Goldsmiths graduates, with which I left off in early August, I felt almost at home.

Rigoletto

COVENT GARDEN

The new Royal Opera season began on Saturday, and it began very well. We heard what must be the third or fourth revival of Nuria Espert's *Rigoletto* production (now staged by Jeremy Sutcliffe), but this time the singers fully lived up to Ezio Frigerio's grandly looming sets, which seemed deeper and more sinister in Bruno Boyer's lighting. The principal trio, all making *their first Covent Garden* appearances in these roles, offered some excellent Verdi-singing and plausible drama such as only a well matched trio can generate in Victor Hugo's guignolesque tale.

Mariella Devia is the new Gilda (until September 28, after which Alida Ferrarini assumes the role): light, true, prettily stylish. A slight edge had vanished by "Caro nome", which boasted not only real depth of sentiment, but in her *cadenza* an impeccable, bell-like excursion up into Miss Devia's "Queen of the Night" territory. Later she was touching in her fatal youth's disguise.

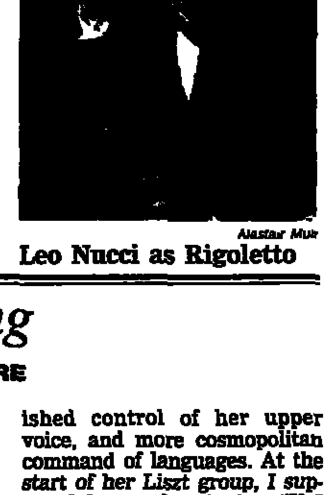
Rigoletto is the veteran Leo Nucci, *still capable of poignant* force, and not shy about playing the Hunchbacked-Jester stereotype in the court scenes. It is a premise of the opera that he has something to be guilty about, a reason to *feel justly threatened by Mon*terone's curse (angrily delivered by Roderick Earle, if not in the ideally doomy tones). Modern Rigoletti often indulge themselves with the notion that they were trapped by cir*cumstances: that is too modern* for the text, and sentimental.

Nucci will be succeeded from September 24 by Matteo Manuguerra, and from October 9 by Piero Cappuccilli. As the unregenerate Duke, young Giuseppe *Sabbatini stays longer* (until September 28, when Franco Farina takes over), and is eminently worth hearing. Until six years ago he was a double-bass player; now he is a tenor who wields a sharply stylish line with confidence, and acts intelligently enough to make something quite complex and moving of his Act 2 *scena*.

He earns more good marks for returning to his overbearing-cad *persona* in the scene by the Mincio, with no hint of remorse. Near the top, the voice *becomes slightly steely* and white: his needlessly sustained last note in "La donna è mobile" was unworthy of the elegant waywardness – a little too wayward for the conductor's forthright instincts – *with which he had freshened* that old number.

The forthright conductor is Sian Edwards again, who must still develop a rapport with Italian singers to match her admirable drive and her ear for orchestral colour. *Never mind:* she played no small part in making Act 2 exercise a real, old-fashioned grip, and the impetus carried through the final act. Patricia Bardon's Maddalena was a great asset, *articulate and penetrating and* sexy. I worry a little about the stage-storm: it is terrific, culminating in a real downpour, but the sense of contrivance is awkward before a final scene which has to wring our withers.

David Murray



Alastair Muir

Leo Nucci as Rigoletto

Anne Gjevang

ST JOHN'S, SMITH SQUARE

This Norwegian contralto is in constant demand as Erda in Wagner's *Ring* cycle – for *Peter Hall's and* Harry Kupfer's successive versions at Bayreuth, and for the New York Met, and next Monday at Covent Garden. No wonder: the voice is notably large and warm, the contralto depths are genuine and in mid-register her timbre is not only alluring but succulent. Nor is there any awkward break, as many a wide-ranging phrase in her St. John's programme attested; *and* she is tall, poised, fair and musically alert.

She seemed a natural choice to open the Norwegian Victoria Music Festival, which continues in Smith Square until the 16th. That promises interesting rewards: leading Norwegian performers in a broad range of song and chamber music, with every programme – except that of the Norwegian Winds – including some of their countrymen's music, from Grieg to current composers. The "Victoria" part of the name isn't geographical, but belongs to a new CD label that hopes to spread Norwegian music abroad; Miss Gjevang's recital was introduced by several sales-talks.

As a song recitalist, nevertheless, she is partly an Erda, partly just a promising interpreter who needs more polished control of her upper voice, and more cosmopolitan command of languages. At the *start of her Liszt group, I sup*posed her to be singing "If I Knew a Meadow" in Norwegian, but then two or three giveway signs (very discreet) in "The Grave and the Rose" indicated that she was trying out French. In *Falla's Seven* Popular Songs, her deeply obscure Spanish captured too little of the ethnic-proverbial tang of the words. Neither she nor her otherwise first-rate pianist Einar Steen-Nökleberg made much of Falla's tense, vital rhythms.

Any contralto recitalist must occasionally brave the upper reaches. Miss Gjevang's plucky excursions there were on a lower level than the finely etched phrases in her best register. Though she captured the feeling of Grieg's evergreen "Water-lily" delightfully, half its charm depends upon those eager little fifth-leaps up and down again, and few of the upper notes were quite in tune. She needs to decide whether to settle for her Erda-range and perfect it – or to work toward a better-focussed mezzo too, one that can do justice to her musical instincts. Her remarkable instrument should be capable of rising to that.

David Murray

INTERNATIONAL

ARTS GUIDE

TODAY'S EVENTS

AMSTERDAM

Muziektheater 20.00 Hartmut Haenchen conducts Richard Jones' production of Tchaikovsky's Mazeppa, with Igor Morosov in the title role and Lyubov Sharnina as Maria, repeated on Fri. Tomorrow, Thurs, Sat, Sun: Dutch National Ballet (6255 455/credit card bookings 6211 211)

BARCELONA

Gran Teatre del Liceu *21.00 Dance* Theatre of Harlem in works by Balanchine, Glen Tetley and Billy Wilson. Runs till Sat, with alternative programme on Thurs, Fri and Sat matinee (412 1466)

BERLIN

Staatsoper unter den Linden 19.00 Siegfried Kurz conducts Die Zauberflöte, repeated tomorrow (East Berlin 2004 762)

Komische Oper *19.00 Rolf Reuter* conducts Harry Kupfer's production of Carmen, sung in German and played without an interval. Tomorrow: Swan Lake. Thurs: orchestral concert. Fri: La bohème. Sat: Orfeo ed Euridice. Sun: Die Zauberflöte (East Berlin 2292 555)

Deutsche Oper 20.00 Jiri Kout conducts Elektra, with Gwyneth Jones in the title role, Marjana Lipovsek as Klytemnestra and Sabine Hass as Chrysothemis. Tomorrow and Thurs: Mozart soirée (West Berlin 3410 249)

Schauspielhaus 20.00 Claus Peter Flor conducts the Berlin Symphony Orchestra in Mozart's Coronation Concerto K537 with soloist Annerose Schmidt and Shostakovich's Tenth Symphony. Repeated tomorrow (East Berlin 2272 261)

BRUSSELS

Palais des Beaux Arts 20.00 Flanders Festival: Frans Brüggen conducts the Orchestra of the Age of Enlightenment and the Orchestra of the 18th Century in three Mozart symphonies. Sun: Nicholas Cleobury conducts an all-Prokofiev programme with the Royal Flanders Philharmonic Orchestra (507 8200)

GHENT

Festivalhal 20.00 Flanders Festival: Philippe Herreweghe conducts the Collegium Vocale in Monteverdi's Vespers. Sat: William Christie conducts Les Arts Florissants in music by Couperin and de Lalande (257780)

GLASGOW

Royal Concert Hall 19.30 Jerzy Maksymiuk conducts the BBC Scottish Symphony Orchestra in Tchaikovsky's Fifth Symphony and Brahms' Piano Concerto No 2, with soloist Peter Donohoe. Tomorrow: John Mauceri conducts the Scottish *Opera Orchestra and Chorus in* a Gershwin evening. Thurs, Fri and Sat: Czech Philharmonic Orchestra plays three different Dvorak programmes (041-332 3123

LONDON

MUSIC

Covent Garden 19.30 Sian Edwards conducts Nuria Espert's production of Rigoletto, restaged by Jeremy Sutcliffe, with a cast led by Leo Nucci, Mariella Devia and Giuseppe Sabbatini. The next Royal Opera performance is on Sep 16, when Bernard Haitink conducts Götz Friedrich's new production of Das Rheingold (071-240 1066)

Coliseum 19.30 David Atherton conducts Tim Albery's production of Billy Budd, with Peter Coleman-Wright in the title role, Richard Van Allan as Claggart and Philip Langridge as Vere, also Fri. Tomorrow and Sat: La bohème. Thurs: Werther (071-836 3161)

Royal Albert Hall 19.30 Andrew Davis conducts the BBC Symphony Orchestra in Schubert's Third Symphony and Nielsen's Fifth, with Joanna MacGregor soloist in the world premiere of Hugh Wood's Piano Concerto. Tomorrow: ECO plays Mozart (071-823 9998)

THEATRE

National Theatre

● The Miser: Molière's play, directed by Steven Pimlott, has a cast led by Charles Kay and Eleanor Bron, with performances in the Olivier tonight, tomorrow and Thurs. On Fri and Sat, Antony Sher stars in a production by Di Trevis of The Resistible Rise of Arturo Ui, Brecht's grim comic parable about Hitler, written in 1941 and set in the world of Chicago gangsters.

● *Napoli Milionaria*, Eduardo de Filippo's richly textured, end-of-war drama starring Ian McKellen, can be seen in the Lyttelton tonight, tomorrow and Thurs. The rest of the week is devoted to Long Day's Journey Into Night, Eugene O'Neill's masterpiece of family guilt, directed by Howard Davies and starring Prunella Scales and Timothy West.

● At Our Table is a new play by Daniel Mornin, which starts previewing on Thurs at the Cottesloe. It is directed by Jenny Killick and designed by Bunny Christie, with music by Stephen Warbeck. (071-928 2252)

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NEW YORK

New York State Theater 20.00 City Opera production of Cav and Pag, updated and transposed to New York's Little Italy at the turn of the century. Jonathan Eaton's production is conducted by Richard Bradshaw. Repeated on Sun at 14.00. Tomorrow: The Cunning Little Vixen. *Fri: Le nozze di Figaro.* Sat matinee: Madama Butterfly. Sat evening: Frank Loesser's 1956 musical The Most Happy Fella (870 5570)

PARIS

Théâtre de la Ville 20.30 Merce Cunningham Dance Company triple bill. Season runs till Sep 21, with a change of programme next week (4274 2277)

Opéra Bastille 20.00 Colin Davis conducts the Dresden Staatskapelle in *Beethoven's Fourth* Symphony and Reger's Variations and Fugue on a Theme of Hiller. Tomorrow: Davis conducts Schubert's Sixth and Dvorak's Seventh Symphonies (4001 1616). Sat at the Châtelet: Simon Rattle conducts the CBSO (4028 2840)

Le Funambule Théâtre-Restaurant 19.00 La Voix humaine by Jean Cocteau. Directed by Florence Gendrier, with Stephanie Baron as the jilted lover trying to contain her despair at the end of a *telephone line. Runs till Sep 22,* except next Mon (4223 8883)

Lucernaire Forum Centre 20.00 Arthur Schnitzler's play La Ronde (The Round Dance, 1902), a sordid intrigue of seduction and male egotism. Production by Isabelle Nanty. Runs till Sat (4544 5734)

A 24-hour recorded telephone guide to Paris entertainments is available in English by dialling 4720 8898

PRAGUE

MOZART IN PRAGUE FESTIVAL

National Theatre 19.00 Gustav Kuhn conducts the Gustav Mahler Jugendorchester and chorus of the National Theatre in La *clemenza di Tito, staged by Walter* Pagliaro. Tomorrow: Bohumil Gregor conducts Rusalka. Fri and Sun in Smetana Theatre: Cologne Opera production of La finta giardiniera.

Smetana Hall 19.30 Piero Bellugi conducts the Orchestra Giovanile Italiana, with Mario Brunello cello soloist. Tomorrow: concert by Gustav Mahler Jugendorchester conducted by Gustav Kuhn. Thurs: Riccardo Muti conducts the Vienna Philharmonic Orchestra. Sat: Orchestra Stradivari di Milano. *Pre-booking at Sluna ticket agency,* Wenceslas Square 28, and Cedok.

STRATFORD

This month's repertory at the Royal Shakespeare Theatre consists of *David Leveaux's much-admired* new production of Romeo and Juliet, with Clare Holman and Michael Maloney in the title roles, and Henry IV Parts 1 and 2, directed by Adrian Noble with Robert Stephens as Sir John *Falstaff. There are also some* performances later in the month of Twelfth Night, with a cast including Bill Wallis as Sir Toby Belch and Tim McInnery as Sir Andrew Aguecheek. The Swan Theatre has Ben Johnson's comedy The Alchemist, John Ford's 'Tis Pity She's A Whore with Jonathan Cullen and Saskia Reeves, and Thomas Shadwell's 17th century play The Virtuoso. The Other Place has two Trevor Nunn productions – Measure for Measure and The Blue Angel, an adaptation by Pam Gems of the novel by Heinrich Mann (0789-295623)

UTRECHT

Vredenburg *20.00 Joshua Rifkin* conducts the Contrapunctus vocal and instrumental ensemble in an all-Mozart programme. At 12.45, Frans Brüggen conducts the Orchestra of the Age of Enlightenment in a free lunchtime concert, with works by Mozart. Tomorrow and Sun: Ton Koopman conducts Mozart with the Amsterdam Baroque Orchestra. Fri: Walter Weller conducts the Netherlands Radio Philharmonic Orchestra (314544)

European Cable and Satellite Business TV

(all times CET)

MONDAY TO FRIDAY

Eurosport
0600-0630 International Business report

CNN
0500-0530 Moneyline
0800-0830 Moneyline
1230-1300 CNN Market Watch
1330-1400 Business Day
2000-2030 World Business Today - a joint FT/CNN production with a review of the day's major business stories with Grant Perry and Colin Chapman
2300-2330 World Business Today
0100-0130 Moneyline

Superchannel
2220 - 2250 (Wed) Financial Times Business Weekly - the latest round-up of business news with James Bellini and Debbie Middleton.
0830 & 2030 (Thurs) Financial Times Business Weekly

Sky News
1200 International Business Report
2130 (Thurs) Financial Times Business Weekly

SATURDAY

CNN
0800-0830 Moneyline
0900-0930 World Business Today - a joint FT/CNN production
1540-1610 Moneyweek
1900-1930 World Business This Week
2110-2140 Your Money

SUNDAY

Superchannel
1800-1830 FT Business Weekly
1930-2000 FT Business Weekly
2330-0030 FT Business Weekly

Sky News
1030-1100 FT Business Weekly

CNN
0710-0740 Moneyweek
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Making Euro-mergers work

WHEN France's Carnaud and Britain's Metal Box combined their packaging businesses two years ago to create the biggest European supplier in the industry, the deal was widely acclaimed as the model of a modern Euro-merger. But today the troubled history of the joint venture, CMB Packaging, appears more instructive as a case study in the pitfalls facing corporate marriages across European borders.

Some of CMB's difficulties are *sui generis*. Much controversy surrounds the personality of Mr Jean-Marie Descarpentries, its chairman, whose future is due to be discussed at a board meeting tomorrow. Though Mr Descarpentries provided visionary early leadership, critics accuse him of an increasingly autocratic approach which has led to friction with its main shareholders and managers.

However, the evidence suggests that these tensions reflect more fundamental problems, common to other types of Euro-merger. To its credit, CMB quickly saw the importance of creating its own independent identity. But strenuous efforts to develop a distinctive trans-European culture seem to have succumbed to feuding between French and British management styles.

Differing attitudes

Differing attitudes on the part of CMB's parents have not made things easier. Carnaud saw the joint venture as a way to deepen its involvement in packaging. Metal Box's commitment has seemed more equivocal – particularly since it acquired Caradon, a bathroom fixtures maker, in late 1989. Against this background, a joint venture in which ultimate control is equally split scarcely encourages unity of purpose.

An outright acquisition which gave one partner undisputed management control might have been preferable. That this did not happen appears due at least partly to fears that the seller would lose face by being seen to surrender to a European competitor. Such concerns are not unique to CMB. They have also limited the link-up between France's Renault and Sweden's Volvo to an unwieldy half-merger and have thwarted attempts by European computer makers to consolidate.

Political chauvinism

Yet it is precisely these sensitivities – often aggravated by political chauvinism – which have undermined so many attempted mergers of equals. Only rarely do large European cross-border mergers in the same industry marry partners with truly complementary strengths. They are more likely to combine different management cultures but similar industrial weaknesses, the result of duplication of resources encouraged by national trade barriers and industrial champion policies. Split management control can simply lead to squabbling about how the burdens of restructuring should be shared.

The most effective trans-European mergers, such as the formation of ABB by Sweden's Asea and Switzerland's Brown-Boveri, have put one company firmly in charge. Though ABB has continued to expand worldwide by acquisition, it has not flinched from the savage pruning essential to the health of its European operations. But too many other companies still seem to believe that ramming together European businesses in pursuit of size and scale will improve their competitiveness.

There is little conclusive evidence that in most industries size is paramount, still less that ungainly "Euro-champions" are well-suited to achieve it. The real priorities for European industry are to rationalise capacity, use it more productively and expand on global markets. Trans-European mergers offer one route to those goals. But it is by no means the only – or necessarily always the most effective – one.

Access to justice

THE LAW Society yesterday placed a manifesto with 68 proposals on law reform before the autumn party political conferences. On the same day, Sir John May's inquiry resumed its hearings into the cases of the Maguire Seven, sentenced to between five and 14 years in prison after being wrongly convicted of possession of explosives. The coincidence of these two events highlights the need for reform of the criminal justice system following well-publicised miscarriages of justice such as the Maguires, the *Guildford Four and the Birmingham Six*.

Responsibility for the legal system is currently divided between several government departments: the Home Office, the Lord Chancellor's Department, the attorney-general and sundry others which administer tribunals such as the Inland Revenue. This wastes resources, but it also weakens accountability to parliament. And with the lord chancellor, who appoints judges and administers the higher courts, sitting in the House of Lords there is no minister in the Commons answerable to MPs on these matters.

To make matters worse, the home secretary – in whose hands rest decisions on miscarriages of justice – is also responsible for law enforcement. A constitutional separation of law and order would make the pursuit of both demonstrably more effective.

The Law Society – in common with the Labour party, the Liberal Democrats and law reform bodies such as Justice – proposes the creation of a Ministry of Justice, responsible for administering all courts and tribunals. These functions could be concentrated in the Lord Chancellor's Department, but a minister sitting in the Commons and accountable to MPs would be preferable. Ideally, the post should be filled by a lay person – just as it is desirable that the minister of health is not a doctor.

And if it is felt essential to retain the post of lord chancellor, he could head a judicial appointments commission, to preserve the independence of the judges and magistrates. In this task, he should be joined by judges, lawyers, academics, laymen and especially lay women.

Other structural changes are necessary if the administration of criminal justice is to be restored to public esteem. Most of the recent verdicts of unsafe convictions have been inspired by television reporting and campaigns by relatives, rather than by the legal system itself. There is now widespread support for an independent judicial body to review miscarriages of justice – endorsed by Lord Scarman, the distinguished former law lord.

There remains an imbalance in the resources available to *prosecution and defence to* examine evidence which should be redressed. And with so many miscarriages of justice hinging on controversial forensic evidence, an independent forensic science service could assist in improving the quality of such evidence and to its interpretation in court.

The Royal Commission on Criminal Justice – currently deliberating under Lord Runciman of Doxford – is no doubt considering proposals such as these for reforming the process of justice. But clear division of responsibilities and uncluttered lines of accountability are essential if the reputation of the system of justice is to be restored.

Polarisation

ONCE AGAIN the big banks have lost the battle over polarisation. The Securities and Investments Board has bowed to the overwhelming majority of submissions to its Retail Regulation Review, which have argued in favour of sustaining and indeed strengthening the polarisation of investment retailing between independent advisers on the one hand and intermediaries tied to a single product provider on the other.

Banks like TSB and National Westminster have convincingly argued polarisation restricts consumer choice. Customers of large high street banks and building societies tend to place their trust in the institution, with little awareness of whether it is independent or tied. NatWest has doggedly stayed independent, unlike almost all its peers, but has gained little advantage.

Logically, independent advice, or indeed any significant element of customer choice, will in due course disappear from the high street. This will no doubt be viewed with satisfaction by small firms of intermediaries who see scope for gaining an advantage over the big retail banks, at any rate when dealing with high net worth individuals *who tend to hold independence* in greater regard, but it will be a disservice to the general public and a serious embarrassment for the SIB.

Patrick Harverson on the pressure for change in US Treasury bond auctions

A market under fire

One of the most important and most lightly regulated markets in the world – the market for US government securities – is being dragged, against the will of its principal participants, towards fundamental reform.

The catalyst for change was the revelation that Salomon Brothers, a key market player, had broken the rules at US Treasury auctions at least five times in the last year.

For Salomon Brothers itself, the consequences are serious: it has lost its chairman and other senior executives; it is facing huge fines and numerous lawsuits; and its new management is touring the world to prevent the defection of any more clients.

For the government securities market, the consequences may prove even more long lasting. Congress is furious because the Salomon story reveals that this huge, little understood market in federal debt is poorly supervised and open to abuse by powerful dealers. Senior Congressmen appear determined to introduce wide-ranging reforms – and much tighter regulation. Given the central role the Treasury market plays in funding the huge US Federal Budget deficit and in influencing international interest rates, the impact of any changes will be felt in all financial markets.

Evidence of the reforming mood on Capitol Hill could be seen last week when Salomon's management and market regulators testified to a hearing held by the House of Representatives subcommittee on telecommunications and finance.

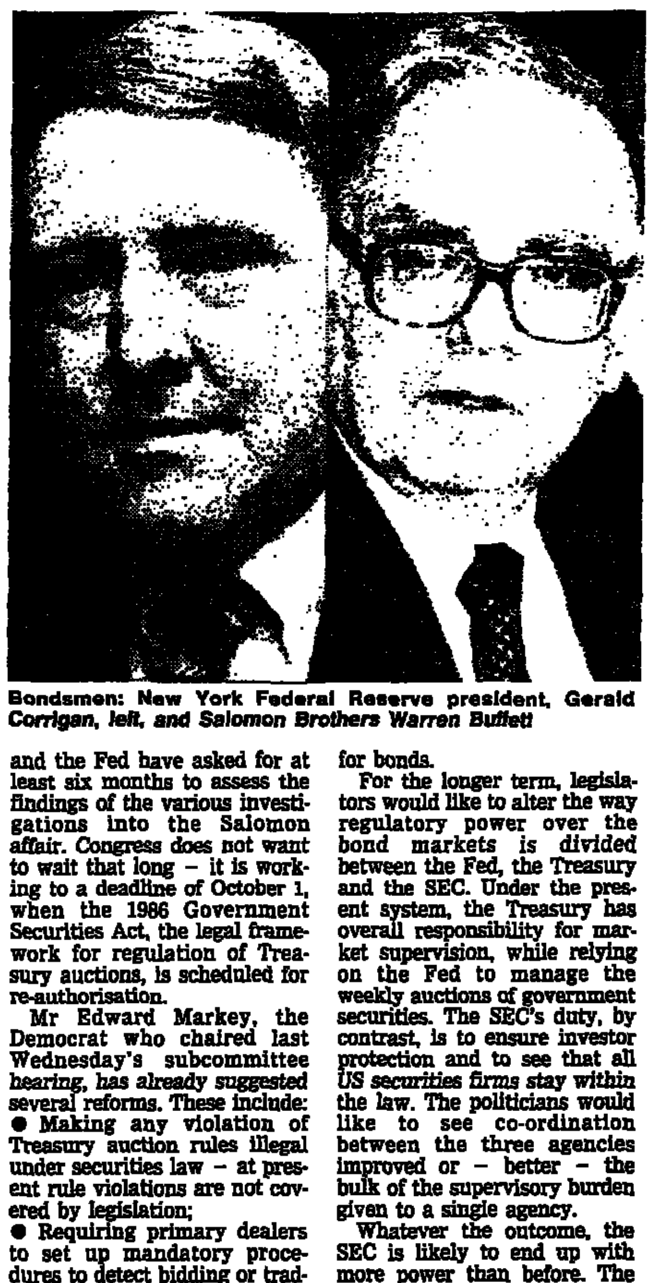
While the committee treated Mr Warren Buffett, the newly-installed chairman of Salomon, with considerable respect (and appeared satisfied with his pledge to clean up the firm), it came down hard on Mr Gerald Corrigan, president of the New York Federal Reserve, and Mr Jerome Powell, assistant secretary of the US Treasury, who are both responsible for supervising the Treasury markets.

In a series of sharp exchanges, Congressmen pressed them to account for the regulatory failures spotlighted by the Salomon affair. They asked why it took two months for the Treasury and the Fed to contact Salomon about their misgivings over bids submitted by the firm in a February auction and why it took so long for the two agencies to react to the May auction of two-year notes when a huge "squeeze" had so clearly disrupted the market.

Last Wednesday's hearing confirmed what Congress suspected: that there are holes in the supervisory system. There is unusual unanimity in Washington that the Treasury market needs reform. Influential Representatives and Senators from both political parties have called for change, and the Bush administration, in the form of Mr Nicholas Brady, the Treasury secretary, has admitted that the process by which government securities are sold needs reviewing.

That review is already under way. Four separate House and Senate committees are investigating the Salomon affair, and they want to hurry through reforms to the rules governing the Treasury market before investors lose more confidence.

The regulators, however, are dragging their feet. The SEC and the Fed have asked for at least six months to assess the findings of the various investigations into the Salomon affair. Congress does not want to wait that long – it is working to a deadline of October 1, when the 1986 Government Securities Act, the legal framework for regulation of Treasury auctions, is scheduled for re-authorisation.



Bondsmen: New York Federal Reserve president, Gerald Corrigan, left, and Salomon Brothers Warren Buffett

Mr Edward Markey, the Democrat who chaired last Wednesday's subcommittee *hearing*, has already suggested several reforms. These include:

- Making any violation of Treasury auction rules illegal under securities law – at present rule violations are not covered by legislation;
- Requiring primary dealers to set up mandatory procedures to detect bidding or trading irregularities;
- *Requiring dealers to report* large positions held by themselves or their customers;
- Getting the Securities and Exchange Commission (SEC), the US markets watchdog, to write sales practice rules for dealers and customers;
- Giving the SEC powers to oversee the dissemination of price and trading information.

It will be difficult for the securities industry, even with its lobbying power in Washington, to oppose Mr Markey's proposals. The suggestion that large traders report their positions might be seen as a threat to the competitive advantages dealers gain from holding big, unseen positions in the post-auction market, but securities houses recently accepted a similar requirement for equities trading, so they will be hard stretched to argue against it for bonds.

For the longer term, legislators would like to alter the way regulatory power over the bond markets is divided between the Fed, the Treasury and the SEC. Under the present system, the Treasury has overall responsibility for market supervision, while relying on the Fed to manage the weekly auctions of government securities. The SEC's duty, by contrast, is to ensure investor protection and to see that all *US securities firms stay within* the law. The politicians would like to see co-ordination between the three agencies improved or – better – the bulk of the supervisory burden given to a single agency.

Whatever the outcome, the SEC is likely to end up with more power than before. The embarrassment felt by the Treasury and the Fed over their failure to spot the Salomon wrongdoings earlier has strengthened the SEC's case for a bigger role in the Treasury bond market. The SEC can also count on the support of Congressional legislators, who would like to break up the cosy relationship between the primary dealers, the Fed and the Treasury.

At the heart of that relationship is a panel of senior dealers that regularly meets the Treasury to advise on upcoming auctions. Mr Corrigan of the *New York Fed has admitted* that he is unhappy about the panel, and has said that its use is under review in the light of the Salomon affair.

Yet politicians doubt that the Treasury and the Fed will want to impose tougher regulations on dealers who are needed to provide liquidity in a market where \$2.3 trillion (thousand billion) of securities is outstanding and where demand for new paper does not always meet supply at the right time.

A New York financial consultant who worked closely with the Treasury in the 1980s testifies graphically to the symbiotic link between the regulator and the regulated: "It looked like the dealers ran the market. The Treasury was scared to death of them."

The dealers are in a powerful position in the market because they have access to the most *information*. Although investment institutions can bid on their own if they want, they almost always ask the dealers to submit their bids because it is the dealers that are in the *best position to judge the how* auctions are going. On auction day, the dealers talk on the phone about the scale of demand for the new issue. They then place their bids and their customers' bids at the last moment, using the information gleaned from the market to judge the price and size of a bid most likely to be accepted by the Treasury.

Breaking the dealers' stranglehold on the market will not be easy, particularly as the government still believes the current system is the best way *to ensure its securities are sold* at the cheapest price. There are other factors at work, however, which may ensure that the dealers' near-monopoly of information about the market is eroded. The Treasury, for *example, has been considering* automating the auction system for several years. The primary dealers have always opposed the idea of an automated market. If investors bid for themselves by computer, dealers would be denied the information about customer orders that gives them their huge *advantage at auction time*.

Dealer opposition to automation has stalled reforms in the past, but the Salomon affair has strengthened the case for change. The Treasury has asked the New York Fed to speed up its investigation, originally launched at a leisurely pace a year ago, into an electronic auction system.

*Automating the auction pro*cess would be a relatively straightforward task. At present bids are submitted on written forms which are handed over to the Treasury on auction day. A computer system could be built that would allow investors to input their orders electronically. The system could include terminals that displayed price and volume information about bids, which would satisfy demands for wider dissemination of trade data and make it tougher for dealers to rig the auction. The Treasury *is also* considering making customers sign a receipt for auctioned securities, a move which would prevent dealers from faking customer orders as Salomon has admitted doing.

Congress, however, has got the bit between its teeth and is likely to want more widescale reform. In the coming months *the Treasury*, the *Fed* and the primary dealers will face a tough battle to convince legislators that a system which grants a handful of big firms cartel-like powers over the world's largest and most influential financial market deserves to survive.

The time to come clean

Martin Dickson questions the corporate culture that led Procter & Gamble into a public relations disaster

Mr Edwin Artzt is by all accounts a man who hates to lose at anything he does. So the chairman of Procter & Gamble will find it particularly galling to *stand this morning before the* board of the consumer products giant and eat a sizeable slice of humble pie.

Mr Artzt will be reporting on an extraordinary misjudgment by P&G's management this summer in launching a witch-hunt to find, apparently unsuccessfully, who was leaking company information to the press. For the inquiry has turned into a public relations disaster for P&G, which stands accused of trampling on press freedom and invading individual privacy. That is none too *smart for* a business which spends more than \$1.5bn a year on advertising designed to persuade the world that its soapsuds, toothpaste, nappies and detergents are superior to anyone else's. *But the consequences* go well beyond PR, raising questions about P&G's secretive corporate culture.

The story began last June when the Wall Street Journal ran an article by Ms Alecia Swasy, a Pittsburgh-based correspondent on management changes at P&G and its possible sale of various businesses. *The article quoted unnamed* "current and former P&G managers". The company, which is based in Cincinnati, Ohio, and dominates the economy in the area, responded by calling in the local police.

P&G demanded an inquiry, citing a state business statute which makes it an offence for an employee to disclose confi*dential* business information to an outsider. The police obliged, no doubt mindful of P&G's power in the community. And, seemingly oblivious to a potential conflict of interest, they placed the case in the hands of a fraud squad detective who drew a second salary moonlighting as an adviser to . . . Procter & Gamble.

The police set to the task with vigour, and used four grand jury subpoenas to order the local telephone company, Cincinnati Bell, to sort through the records of 800,000 home and business telephone lines, and 40m individual calls, in search of anyone who had dialled the Journal's Pittsburgh office or Ms Swasy's home. Uproar ensued. Newspapers attacked P&G for abusing the US constitution's guarantee of press freedom and the convention that journalists' sources remain confidential. *Civil libertarians said both Ms* Swasy and the citizens of Cincinnati had had their privacy invaded.

After weeks of self-justification, P&G climbed down last week when Mr Artzt circulated a letter to employees admitting "an error of judgment" and regretting the embarrassment the incident had caused. "We created a problem larger than the one we were trying to solve," he added.

But how could P&G, with all its experience in image-manipulation, make such a fundamental error? The answer must be sought in the company's distinctive corporate culture. P&G is one of the oldest, proudest companies in America, with a reputation for cautious, slow-moving bureaucracy laced with a touch of arrogance. Secure in its Cincinnati redoubt, it is also insular, clannish and secretive. Group loyalty is fostered by its excellent treatment of employees and its active community involvement. It promotes only from within the organisation, and does not rehire those who leave. Employees are barred from disclosing the most trivial information to outsiders and its chairman seldom *appears on Wall Street*.

All this may or may not help P&G's bottom line. What is certain is it would make its management predisposed to fury at the leaks – particularly since the company claims at least one rival also received confidential information – and insensitive to the outside world's view of its subsequent action.

Mr Artzt's personality may have also played a role. A blunt, aggressive manager, who made his reputation building P&G's international business, he took over the top job two years ago and has won praise for making P&G more responsive to fast-changing competition.

In this case, however, he was perhaps a little too responsive. Would P&G's cautious old management have called in the cops quite as quickly? Although Mr Artzt now acknowledges having made a mistake, he has intimated that this was merely a PR failure, and that P&G was legally and ethically right.

The legalities are for lawyers to argue over, as they will if a number of threatened suits descends on P&G. But ethically, it can hardly be right for a business to demand privacy *itself* and then invade that of 800,000 Cincinnati citizens. Nor should a company which has prospered in a free-market economy seek to muzzle the press, which is an integral part of that freedom.

The P&G board might remind its chairman of the advice given by William Cooper Procter, grandson of the firm's founder, when he stepped down as chairman in 1930: "Always try to do about what's right. If you do that, nobody can really find fault." Mr Artzt appears to have placed a private, corporate perception of right above a wrong done to the public.

Stirring the BCCI pot

■ Grabbing a headline issue and running with it is a well-tested means for backbench MPs to achieve a high profile, albeit for laudable ends. The vigorous campaign of Labour MP Keith Vaz, to get BCCI restructured, is turning into a classic case.

The frequency with which his chubby, boyish grin has *appeared in the media* over the summer is impressive. An expert at diplomatically-worded press releases, his obsequious politeness to establishment figures can be embarrassing at times.

But he detects nuances in what ministers say that even seasoned political correspondents cannot see, sometimes forcing the government onto the defensive. He is doing a good job, and it cannot be harming his chances of retaining his seat snatched from the Tories in 1987 by just 1,924 votes.

The real test, though, will be in knowing how far to go. In arguing that "clean" parts of the bank can be saved, he *is in danger of appearing to* side too much with what the Bank of England has identified as the "criminal culture" of BCCI.

As yet, he is still going strong. This weekend he is off to Gibraltar to lobby on behalf of depositors. The crunch time will probably come nearer December when the extra time *ordered by the High Court to* allow ways of reviving the bank to be explored runs out. A belated, but strategically placed, summer holiday in late November might have to be arranged.

Yankee victory

■ *The French got the* presidency of the European Bank for Reconstruction and Development, the Brits got the headquarters, so it makes sense that the yanks get the honour of managing the EBRD's first debt issue in the international capital markets.

At least that seems to be the nicest explanation of why Morgan Stanley International has won the mandate. Giving it to a French bank would have smacked of favouritism, and Britain does not have a big enough *merchant bank in* Ecu and dollars to do the job properly.

Even so there will be a few eyebrows raised in some quarters. After all when the US-based World Bank made its public borrowing debut some 40 years ago it favoured Morgan Stanley and First Boston.

Britain's hardpressed merchant banks won't admit it, but they could do with some spoon-feeding. They would not have been overlooked in France or Germany.

OBSERVER

Slave trade

■ Timing is everything in politics. Yesterday the Liberal *Democrats in Bournemouth* unanimously condemned the "near-slavery" in which many employees in Britain are still obliged to work.

But as delegates picked up their copies of Liberal Democrat news their eyes were caught by a prominent advertisement. Their leader, Paddy Ashdown, wants a *clerical assistant to work in* his Westminster office - on an unpaid, or "voluntary" basis, of course.

Double standards

■ Latest example of the two-sided press release comes courtesy of Canadian Imperial Bank of *Commerce*.

Canada's second biggest financial institution proudly describes the two per cent rise in its latest quarterly earnings as an "improved" performance, an "increase" from a year *earlier, no less. Assets showed* an "increase" of one per cent.

Nothing wrong with all that. But a few paragraphs further on, the bank describes its return on assets as "relatively *flat*." In fact, the figure went down by almost 7 per cent.

Now surely that's big enough to be called a drop?

Picture puzzle

■ You've seen Van Gogh, so what price Rembrandt? *Rembrandt*, billed by some as *the exhibition of the decade* opens at Berlin's Altes Museum on Thursday, raising an interesting financial question. Will Rembrandt cost more in Berlin, Amsterdam, or London?

The starting point is Berlin, where the entry cost has been set at DM 12(circa £4), or DM 15(circa £5), if you book in *Britain. In December, the* show travels to the Rijksmuseum in Amsterdam where entry will cost Fl 22(£6.65), or £8.50 if booked abroad. So what will London's National Gallery charge when Rembrandt hits town next March?

Neil MacGregor, the National's director, has never liked charging for admission and it will be only the second time his gallery has imposed such a charge. Entry to the Queen's Pictures, opening next month, will cost £4 per person, but the ticket-price for Rembrandt has yet to be fixed by the authorities.

"We'll have to see how the Queen's Pictures go, but it's very unlikely *Rembrandt will* be more than £5.00," says the National Gallery.

Comforting news indeed, but it raises a nice question; if the royals bomb, does Rembrandt's price go up or down?

Market fun

■ A cry for help from the BBC, no less. The Beeb wants to contact funny City folk prepared to brave a new TV quiz show – Joker in the Pack – *hosted by comedienne Marti* Caine.

A team of four from the financial and commodity markets will compete against the more traditional *barrow-boys from markets like* Billingsgate and Smithfield.

Players earn points by telling a joke the majority of the 100-strong audience finds funny. This should not be too difficult judging by the Beeb's idea of a funny joke: *a man goes to the cinema and find himself sitting next to a dog. Throughout the film, the dog keeps applauding and after the climax it bursts into tears. On the way out the man takes the dog's owner aside and says he does not know what is going on.*

"Neither do I", replies the owner, "he hated the book."

Anyone who can do better than that should contact the BBC's Tom Webber on 081-576 7192. Better still, pass the joke on to Observer who promises a bottle of the finest malt whiskey for each one published.

Rewards of free market reform

John Barham says Argentina's Menem is reaping poll success from his economic programme

Argentina's voters delivered their verdict on the free-market economic reform programme of President Carlos Menem's government at the weekend. Surprising as it may seem in a country that was until recently dismissed as unreformable, they like it.

It was Mr Menem's reforms that laid the foundation for the government's crushing victory in Sunday's gubernatorial and congressional elections. The ruling Peronist party carried 10 of the 12 provinces being contested, and retained the key province of Buenos Aires by a large margin.

Mr Menem, elected on a populist platform amid economic chaos in 1989, is at first sight an unusual apostle of free market reform. In earlier incarnations, his Peronist party had provided the model for the statist economic policies followed all over Latin America since the 1950s.

Nevertheless, in two years, he has dramatically shrunk the role of the state: slashing tariffs, abolishing exchange restrictions and price controls, selling off large chunks of nationalised industries and ending government interference in private sector wage determination.

Even more surprising for the hardened pessimists – and there are many in Argentina after half a century of unremitting economic decline – there are signs that the policy is beginning to pay off.

A country derided as an economic basket case only two years ago now expects 5 per cent growth in 1991. Monthly inflation has fallen to 1.3 per cent in August, the lowest monthly figure in 20 years. A bull run on the Buenos Aires stock exchange has more than doubled share prices in the last six weeks.

There is even a revival of interest in Argentina among foreign investors and creditors, enough to allow Argentina's return to the international bond markets for the first time since the onset of the debt crisis. There are still many doubts, but hopes are rising that Argentina may soon be able to join Chile and Mexico in sloughing off the shackles of the 1982 debt crisis.

It is hard to believe this is the same insolvent nation that in 1989 and 1990 was on the verge of civil unrest as three hyper-inflationary spasms threatened to tear it apart. But the recent progress is largely a reflection of, and a response to, the depths to which the nation had sunk by the end of the 1980s. A Buenos Aires banker explains that until recently, "everyone could live off the state because Argentina was once a wealthy country. That ended in 1989 when the state went bankrupt. Hyperinflation scared a lot of people and woke them up to reality. No other country touched bottom the way we did".

There is a wider lesson. In last weekend's election, the Argentine electorate has underlined what the success of the ruling Institutional Revolutionary Party in Mexico hinted at in its mid-term elections last month: that free-market economic reform programmes can be vote-winners.

Moreover, unlike in Chile and Mexico – where reform programmes were built in a military dictatorship (in the former case) or a virtual one-party state (the latter) – the success of the Argentine example would suggest that democratic government in Latin America and tough economic policies are not necessarily incompatible.

If any single individual can be said to be responsible for the government's electoral victory, it is Mr Domingo Cavallo, the economy minister. He is now by far the most popular member of the government and even took to campaigning in the provinces, an unusual move in a country where economy ministers are usually heartily detested.

Mr Miguel Angel Broda, one of Argentina's most influential business consultants, says: "Menem really began governing when Cavallo became economy minister in January. Cavallo made Menem, who is an intuitive politician, into an effective leader." The forceful, Harvard-trained Mr Cavallo brought a new degree of determination and coherent thinking to a government that lacked a clear idea of how to introduce market reforms.

He has improved public finances, lowered import tariffs, begun a thoroughgoing deregulation campaign, pegged the inflation-battered currency, the austral, to the US dollar and tidied up the government's messy and corrupt privatisation programme.

Above all, he stopped printing money to finance budget deficits and increased tax revenues, an achievement in itself in a country with rampant tax evasion. In August, tax revenues rose to US$1.6bn, 20 per cent more than a year ago. The result is falling inflation and interest rates combined with growing business and consumer confidence.

Mr Cavallo, who is Mr Menem's fourth economy minister, declines to take all the credit himself. He says: "What is happening today originated in changes that began with the restoration of democracy in 1983. Argentina's problems were always problems of inadequate rules, institutions and disorganisation." The previous government of Raúl Alfonsín recreated Argentina's shattered political institutions; now the Menem administration is recreating a market economy.

Credit is also due to Mr Menem himself. He astonished everyone when he embraced free market policies on becoming president, the very policies his party had bitterly opposed since its inception in 1947. One of Mr Menem's advisers says: "Only someone like Menem would have the audacity, the instinct and sheer madness to try something like this."

Government growth projections that may have once sounded absurd now seem almost realistic. Mr Juan Llach, a key aide to Mr Cavallo, says annual growth rates of 7-10 per cent a year are entirely feasible, as economic stability releases years of savings and the investment rate doubles to 20 per cent of gross domestic product.

The government even predicts that in a few years Argentina will face a labour shortage. Mr Cavallo plans to negotiate a comprehensive reduction of Argentina's $61bn foreign debt in 1992, and he has vowed to privatise or wind up all state enterprises by 1994.

Not that Argentina's economic problems have by any means been solved. Inflation, for example, is by no means conquered. Although now very low by Argentine standards, it must rapidly fall to international levels if the fixed exchange rate is to hold. Some private economists think a new round of spending cuts and tax increases will be needed now, and this could slow growth.

Then there is the problem of corruption, which although it is declining remains a serious concern. Businessmen say Argentina must crack down hard on corruption if it is to attract foreign investment; independent observers say Mr Menem has still not done enough to root it out.

Although he purged the government in January under American pressure, no officials have been charged, while others with a doubtful past remain in government.

The government has not acted to break up powerful cartels and oligopolies and is acting too slowly to create an efficient civil service able to police the economy and enforce competition. The lumbering conglomerates that dominate Argentina's corporate scene will not survive unless they are forced to undergo traumatic change. Some observers doubt that their managements will able to modernise, cut costs and carve out new markets after growing in a closed economy sealed off from nearly all competition.

In a way, what has been achieved so far is the relatively painless part of economic reform. Real wages have fallen only slightly; employment has risen despite the elimination of 98,000 public sector jobs this year.

In accomplishing the more difficult next steps, Mr Menem faces another problem: he lacks the unequivocal support of any political or social group. He is breaking up the unions, once the backbone of Peronist power, and has allowed the Peronist party to wither. The military, long the main power in the land, have now accepted a secondary role in national affairs. Although heartened by his policies, the business community also supports other centre-right politicians. Even US officials admit in private that they sometimes find the impulsive Mr Menem both unnerving and unreliable.

Instead of having a dependable political base to fall back on, Mr Menem must rely heavily on his political instinct and his ability to interpret and win over public opinion, much as the populist Juan Perón did fifty years ago. This makes him peculiarly vulnerable: if economic reform falters or fails to produce the rewards promised by Mr Cavallo, Argentina's notoriously volatile public opinion may yet turn against Mr Menem.

Joe Rogaly

Tides of history

The Liberal Democrats are enjoying their fantasies. Let us indulge one of them: it just might come true. Britain's third party could be on its way to becoming the Democrats (or is it the Republicans?) in a two-party system not unlike that of the United States. It has made a start. Now what it needs is a great deal of good luck, and an outright Conservative victory at the next general election. In that set of circumstances it would be well placed to succeed where the Alliance failed.

We know one of the reasons for that failure. The Alliance, a partnership between the former Liberal party and the erstwhile Social Democratic party, came crashing down in smithereens after the 1987 election. Detailed accounts by Lord Jenkins (then Mr Roy Jenkins) and Dr David Owen, two of the founders of the SDP, make it plain that the single most destructive force was Dr Owen's temperamental inability to work with his colleagues.

But before Dr Owen appeared on the scene Lord Jenkins and Sir David Steel, the then Liberal leader, had been right to discern that there was a longing in Britain for a third choice. During most of the 1980s Labour was not electable, while the Conservatives under Mrs Thatcher won three times mainly for that reason. The other two parties competed for the leadership of the opposition. The Alliance nearly won, but nearly was not good enough. Two years ago, as Labour began its steady climb back towards electoral respectability and a long run of high scores in the opinion polls, it seemed as if the story was over.

Today it looks as if there may be a sequel, with a quite different dénouement. As I say, this *is* a morning for indulging the fantasies of the underdog party. Much depends on how Labour fares on polling day. A convincing overall majority for Mr Neil Kinnock would render the Liberal Democrats irrelevant, although they would harass the new government from the opposition benches. But that is the least likely outcome. It always has been, even during the high summer of Labour opinion poll leads.

Yet the matter is not settled: the polls suggest that the two larger parties are fairly evenly matched. If the Conservatives win with a minuscule majority, Mr Kinnock may survive to fight another day. His slogan would be, "one more push, and the Tories are out". If Labour emerges as the largest party in a hung parliament, he might be able to form a government on the basis that the Liberal Democrats and assorted nationalists would be bound to support him. Such an outcome is possible, but by no means certain. It is at least equally likely that Mr John Major will lead the Conservatives to a convincing fourth victory. On last week's evi

The Liberal Democrats contain more trust-busters than the DTI

dence, that would be my bet.

Labour politicians have privately spent much of the summer asking each other what would happen then. Clearly there would be a strong move to oust Mr Kinnock and replace him with either Mr John Smith, the shadow chancellor, or one of the younger stars – the passionate Mr Gordon Brown, say, or the hugely telegenic Mr Tony Blair. The pent-up fury of the Labour left would explode, fragmenting the party. Mr Ashdown would rub home the point that Labour was a four-time loser. It would have done everything its own history permitted it to do. Nationalisation, unilateral disarmament, withdrawal from the European Community have already been ditched. The market has been, if not embraced, given a perfunctory hug. Labour's electoral organisation is superb; its presentations masterpieces of professionalism. If it was knocked out with all that plus, say, 2.75m unemployed supposedly frightening voters away from the government, the Labour party would have lost its reason for existence. Shorn of ideology and all semblance of conviction in an effort to win, it would have failed to live up to its sole remaining purpose, the pursuit of power.

Enter Mr Ashdown, stage right. In a decade in which even the teeniest whiff of socialism is not a strong seller he heads a party with no socialist baggage to discard. He can dream of the tide of history, which displaced the Liberals and brought Labour forward during the first half of the century. That was a time when in some minds the threat of communism had to be parried by building a democratic socialist party in Britain and making it part of the political establishment. Perhaps the tides are now flowing the other way. The Liberal Democrats are staunchly non-socialist. The former Liberals' often shaky belief in the market and fiscal prudence has been strengthened by the injection of robust SDP blood. The new party is even fashioning a strong competition policy. It contains more trust-busters than does the Department of Industry under the Conservative Mr Peter Lilley.

Liberal Democrats draw the conclusion that the tide will now bring them in as Labour fades. The years of Labour ascendancy, begun after the first world war, would be over. They would constitute a 70-year blip, democratic in nature, but nevertheless parallel to the authoritarian 70-year blip in the Soviet Union. Some Liberal Democrats believe that, given time, their new party will replace Labour completely. British politics would then still work on the US two-party principle. This is consonant with its built-in first-past-the-post voting mechanism. Others acknowledge that Labour will take a lot of withering away. They prefer to aim for a multi-party Britain in which most governments are coalitions of parties elected by proportional representation. Labour will almost certainly pin PR to its masthead if it loses next time; the question is how fast support for the Liberal Democrats would expand as support for Labour contracted.

This bubble will burst with the next opinion poll showing an increase in Labour support. Meanwhile, let it float.

LETTERS

The auditor and the 'Law of Silence'

From Mr Paul Hipps.

Sir, David Waller ("Law of Silence", August 29) is right in saying that the lot of the senior partner of a leading firm of accountants is a frustrating one.

The article poses a number of questions in relation to the audit of Polly Peck International (PPI) and, indeed, similar questions have been raised in relation to companies audited by other firms.

With regard to PPI my dilemma is as follows. While I am satisfied with the audit work carried out in relation to PPI and I know that my colleagues and I can answer the questions posed, any detailed answers that we give would result in betraying a client confidence and might prejudice any legal proceedings involving the directors.

As a result, we are obliged to remain silent and indeed are thus prevented from fully defending our firm.

My point is therefore this: it is as frustrating for Stoy Hayward to remain silent about the PPI audit as it is for you and your readers to be denied the information.

The "Law of Silence" to which you refer does not allow us to defend ourselves or to answer the questions which your article has raised.

We are, however, nevertheless subjected to the inferences that result from these unanswered questions, a position which we would naturally prefer to defend.

The cloak, it would seem, can shelter the client more than the accountant.

Paul Hipps,
senior partner,
Stoy Hayward,
8 Baker Street,
London W1

From Mr Anthony Holland.

Sir, There are now three accounting principles – consistent, conventional and convenient.

It would be of benefit to analysts if companies had to announce in advance their selection.

Anthony Holland,
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GU20 6BW.

Investors must get used to lack of Soviet centre

From Mr Clifford L Brody.

Sir, Both your teaser on page 1 and the page 2 headline of September 5 ("Economic reforms now impossible", "Power shift precludes big economic reforms") about the Soviet Union certainly captured my attention.

However, John Lloyd's conclusion left me in serious doubt as to whether he truly understands capitalism. To state that "economic reform in the Soviet Union is now impossible because there is no centre on which to base it" is as fundamentally incorrect as is the view of Professor Shatalin – to whom your article referred – in proposing that there can be a multi-country system set up from the centre as a hothouse in which capitalism can take root and grow.

My company has advised multinational banks and commercial firms, companies not so large, and a host of US banks – in each case regarding their own or their corporate customers' initiatives in the former Soviet bloc countries.

We have found that the last thing serious long-term investors want is someone "in the centre" dictating how it should all work. We want a workable set of rules governing dispute resolution (temporary substitutes will work until the courts there do) and assurances on ownership and profit repatriation. The smartest long-term investors, though, know that these protections did not spring up overnight "from the centre" in their own countries and will not emerge quickly anywhere in the former Soviet bloc, not even the former East Germany. They are investing by improvising along the way, with the smartest ploughing profits back in so that their investments grow.

To invest successfully in the former Soviet bloc means getting used to no "centre" as there once was. Capitalism works better in this country and in yours when people at the centre stop trying to script the rest of us and instead let entrepreneurs chase after business. We are succeeding in the former Soviet bloc every time we carefully identify and package mutual benefit together with the rest of the incentives we bring to the negotiating table.

Each time we succeed, the eventual consumer for our goods or services is the real winner. That means 300m or more winners in the Soviet Union and its republics – if the people newly in charge there are encouraged, not condemned, for letting go instead of trying to do it "from the centre", and for letting law evolve to reflect what works efficiently and equitably in the marketplace. Isn't that exactly how we here in the USand you in Britain did it and do it even today?

Clifford L Brody,
president,
Clifford L Brody Associates,
1819 L Street, NW,
Washington, DC
USA

Safeguarding minority rights

From Mr Andrew Michael Apostolou.

Sir, Edward Mortimer ("A fair deal for minorities", September 4) points to the Aaland Islands as a good example of the safeguarding of minority rights. But given that many republics fear the size and power of Russia, the example of Schleswig-Holstein may prove more appropriate.

Fearful of making binding international commitments that might be used against them in the future, the Danish government came to a unique arrangement with Federal Germany in 1955 to safeguard each country's minority on the other's territory.

Without treaties or reference to international law, both countries adopted similar legislation for the protection of the minorities. So, in the German region of Schleswig-Holstein, the requirement for parties to gain more than 5 per cent of the vote to enter the regional assembly was lifted to ensure Danish representation.

Today the Germans of Denmark and the Danes of Germany are among the best-protected minorities in Europe.

Andrew Michael Apostolou,
Dept of Philosophy,
London School of Economics,
London WC2

European model of industrial relations

From Dr Michael Cross.

Sir, I read with interest your coverage of the TUC conference in Glasgow as regards the debate on the adoption of a "European model" of industrial relations. As somebody responsible for leading our company's work with unions in the UK, Germany, Italy and Poland in a small (£100m turnover) contract packing business, may I make the following observations.

1. We already operate a "company enterprise board" structure in the UK with the district full-time officer and site convener sitting on the board as ex officio members. This has worked extremely well as regards jointly developing and implementing long-term decisions on investment in people, plant and equipment.

The union role in this instance has been elevated to one being actively and equally involved in the forming of goals, strategies and tactics which are fundamental to the long-term well-being and development of union members. This experience, I am sure, is not restricted to our operation, and we would welcome the formal endorsement of this approach throughout the UK.

2. At our two sites in Germany we operate the usual "German model". The main differences I have found are the lack of suspicion of the relationship between "unions and management", and the high quality of education and training available for union officers (both lay and full-time). In terms of operation there are few differences from our UK experiences, except that the novelty of our UK arrangements does, I feel, provide extra energy to our meetings.

Our experience of the last few years can only serve to support (GMB leader) Mr John Edmonds' vision of industrial relations in the UK. Let us hope we will see more political moves to make this more realisable over the coming year.

Michael Cross,
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London W13

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

FINANCIAL TIMES
Tuesday September 10 1991

Power of veto and right to initiate legislation sought for European Parliament

Dutch seek to curb Brussels' power

By David Gardner in Brussels

THE Dutch presidency of the European Community wants to boost the powers of the European Parliament, giving it the right to veto almost all EC legislation by the 12 member states, or Council of Ministers.

The proposal is contained in an unpublished working document likely to be put to the inter-governmental conference on political union currently trying to forge agreement on changes to the Treaty of Rome.

The Dutch idea goes much further than proposals by Luxembourg, the last member to *hold the six-month rotating* presidency, which advocated giving the Strasbourg assembly the last legislative say in five areas.

The plan is bound to sharpen differences among the Twelve about the so-called "democratic deficit" – how to strengthen accountability at a time when Brussels is acquiring more powers. And it will also polarise debate in the run-up to the December European summit in Maastricht, by when the EC is supposed to agree on blueprints for both political union and economic and monetary union (Emu).

Both sets of negotiations are thus beset by difficulties. The *two main obstacles to* an accord on political union are the powers of Strasbourg and the extent to which the Twelve should submit to a common foreign and security policy.

Germany has made clear that it regards a much-strengthened parliament as a sine qua non for agreeing to Emu, which would entail surrendering the D-Mark and the now dominant role of the Bundesbank in European monetary policy to a future single currency and a European central bank. Italy also strongly *backs a beefed up Euro-legislature.*

The UK is set against diluting the powers of national parliaments, wanting to give Strasbourg the role of greater scrutiny over the Brussels Commission. France, which has gone to great lengths to keep the parliament in Strasbourg for national prestige, nevertheless wants to keep it toothless, although it is likely to compromise in order to get full German endorsement of Emu.

Strasbourg currently plays little more than an advisory role in EC lawmaking, and its amendments need the support of the Commission. It has con*siderable powers over the EC* budget.

The Dutch plan would give the 518 Strasbourg MEPs the right to veto all legislation the Council approves by majority vote. The Luxembourg plan suggested veto rights on the environment, infrastructure, high-technology research, and aid in and outside the EC.

The Dutch refinements simultaneously advocate that a great deal more EC legislation is subject to majority voting – now used for Single Market laws and directives in areas like environment and social policy which are judged essential for a barrier-free Community.

Majority opinion in the parliament itself wants full "co-decision" with the Council, with laws subject to a two-stage majority vote by both, and parliament given the right to initiate legislation.

Poland threatens to call off EC trade talks

By David Gardner in Brussels

POLAND yesterday threatened to cancel talks on an association agreement with the European Community.

The move came as the EC *moved to defuse a row over* east European market access for beef, which left France embarrassingly isolated when *foreign ministers* met in Brussels last Friday. The dispute "looks close to being resolved", a senior Brussels official said yesterday.

Poland had hoped the EC foreign ministers would agree to offer more generous trade terms for its agricultural produce, textile and steel.

But France, *worried about* its beef farmers, blocked proposals to offer more generous terms in spite of pledges by *Community foreign ministers* during last month's abortive Soviet coup to speed up the talks and give practical support *for ex-communist countries* which are reforming.

France is understood to have told its partners that Paris would come up with a workable compromise. This will probably involve endorsement of some version of the Commission's idea that part of the increased "access" for east *European farm produce would* involve the EC financing these countries' sales to their old market in the Soviet Union.

Mr Jacques Delors, the Commission president, is due to meet Mrs Edith Cresson, the French prime minister, later this week, and is expected to impress on her both Brussels' commitment to a better deal for eastern Europe, and the degree of hostility raised by France's obdurate defence of its farming interests.

Mr Uffe Ellemann Jensen, the Danish foreign minister who called for a European *summit to endorse the Commission's* concessions to Hungary, Poland and Czechoslovakia, on Friday called the French attitude "a disgrace".

"Certain countries make fine statements about Europe and democracy, but when it comes to small concessions and confronting their own vested interests, they behave as if they are living on another planet," he said. Mr Hans van den Broek, the Dutch foreign minister and current EC president, said his opinion was "not dissimilar".

The row, which jeopardises the *"association agreements" Brussels is offering* the east European trio as a transition to a free trade zone and EC entry, was likely to go back to the Twelve foreign ministers at the end of this month. But if a formula emerges beforehand, any council meeting between now and then could pass it.

France's position is further undermined because it is one of the few EC beef producing countries where prices have held up sufficiently not to trigger the "safety-net", which obliges Brussels to buy all output into its stockpiles.

World's largest ticket agency folds

By David Churchill and Andrew Jack in London

KEITH PROWSE, the world's largest ticket agency, which sells more than a million tickets a year, was put in receivership yesterday with debts of more than £7m ($11.8m).

The collapse of the ticket and hotel reservations agency, corporate hospitality and travel group came after the accountancy firm of Grant Thornton was appointed as receivers at mid-day to Keith Prowse Holdings, the umbrella company privately owned and run by brothers Mr Ranjit and Mr Dev Anand. They acquired the company 10 years ago.

The group has some 63 outlets in the UK and 16 concessions, many in hotels and department stores, which specialise in theatre, concert, sport and holiday bookings. It employs some 650 staff and in the year to end of June had produced management accounts showing a £3m loss on group turnover of £160m.

The company's collapse was blamed on the Gulf war and recession as fewer tourists came to Britain and corporate entertainment budgets were cut.

The company also invested £5m in expanding its American operations which failed to produce any return and contributed to its collapse.

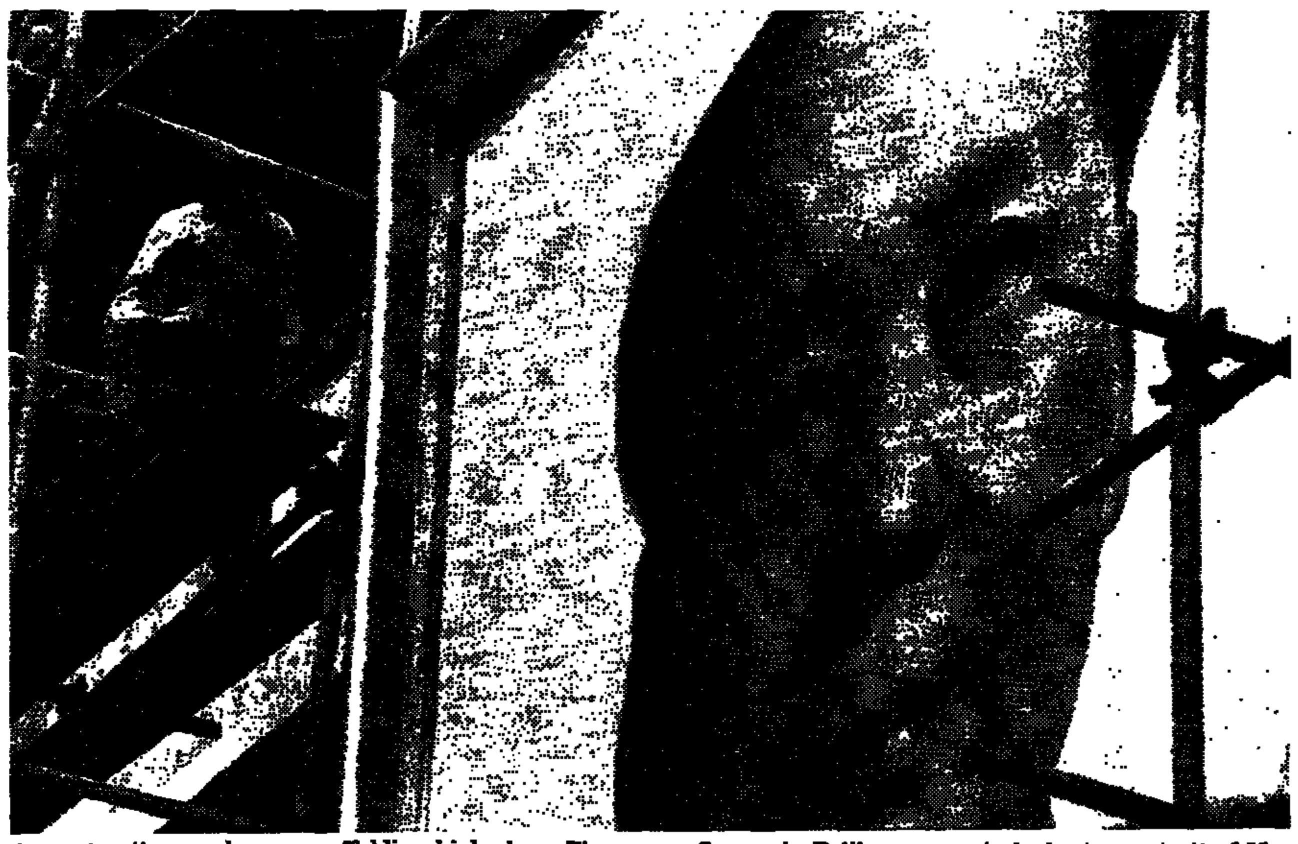
As cash flow became stretched this summer the company was usually paying theatres some five weeks after tickets were sold, more than twice the normal payment period.

About half the group's turnover came from the Expotel international hotel reservations agency which was sold by the receivers yesterday for an undisclosed sum to The Modern Group, another hotel reservations agency.

The receivers said some 230 jobs would be secured by this sale but warned that redundancies were inevitable unless all the other companies in the group were also sold quickly.

The *Royal Bank of Scotland*, which called in the receivers, was Keith Prowse's biggest secured creditor and was owed about £3m. The collapsed Bank of Credit and Commerce International (BCCI) was also owed £1.5m. "We're not under a great deal of pressure from BCCI for that at the moment," said Mr Malcolm Shierson, one of the three joint receivers, yesterday. The other two are Mr AllanGriffiths and Mr Iain Allan

Mr Shierson said yesterday that the group's liabilities could eventually run into "tens of millions of pounds".



A construction worker on scaffolding high above Tiananmen Square in Beijing pauses to look at a portrait of Mao Zedong yesterday, the 15th anniversary of the Chinese leader's death

Mobil in oil exploration talks with Vietnam

By Alan Friedman in New York

MOBIL, the US oil and gas group, is holding talks with PetroVietnam, the state oil company of Vietnam, about possible exploration opportunities in the South China Sea.

The US company stressed yesterday that the talks were preliminary and that no business could be conducted until the long-standing US trade embargo against Hanoi was lifted. Mobil last explored for oil and gas and found deposits off the coast of Vietnam – by *agreement with the government* of Saigon – more than 15 years ago.

Mobil said yesterday that the talks were taking place with the full knowledge of officials from the US Treasury and State departments, who are being briefed on any company action.

Mobil and other US oil companies are keen to respond to PetroVietnam's recent announcement that it would consider exploration bids for the offshore properties previously leased by Mobil.

US companies left Vietnam in 1975, when North Vietnamese troops entered Saigon and overran the US embassy. All *other western companies left* Vietnam in 1981, when Hanoi closed its doors to exploration by them; non-US companies began returning after Vietnam relaxed its ban in 1987.

At present companies from at least 15 countries are involved in exploration in Vietnam. Among them are Enterprise Oil, British Petroleum, Lasmo and Clyde Petroleum of the UK, plus companies from Japan, Sweden, New Zealand, the Netherlands, India and Indonesia.

Last April, Senator Frank *Murkowski, a Republican from* Alaska, introduced legislation to relax the US trade embargo with Vietnam. Although a res*olution was passed by the Senate* Foreign Relations Committee, the lifting of Washington's *trade embargo is complicated* by the issue of whether US soldiers – designated missing in action – are still being held prisoner by Vietnam.

Informal talks between *Hanoi and US oil companies* have been held over the past 18 months and US oil executives are keen for the trade embargo *to be lifted as soon as possible.*

Although Vietnam is a net oil exporter, it needs western technology to develop oilfields *such as the White Tiger field in* the South China Sea. The East-West Center, which has studied Vietnam's oil potential, *reckons the country's crude oil* output could rise from its present level of 60,000-70,000 barrels a day to as much as 300,000-500,000 b/d by the early years of the next century.

Britain tightens rules on tobacco promotion

By Alice Rawsthorn and Alan Pike in London

TOBACCO advertisements in the UK will carry tougher health warnings such as "Smoking Kills" and "Smoking Causes Cancer" from next year under the terms of a new voluntary agreement on tobacco promotion announced yesterday by the government.

The agreement, which also tightens controls over the promotion of tobacco products to young people, immediately came under fire from anti-smoking organisations.

Yesterday's announcement comes at a time when the European Commission is considering an outright ban on tobacco advertising. A draft directive proposing the ban was approved by the Commission earlier this year.

The *directive*, which has been the subject of fierce debate, will be discussed by EC health ministers in November.

The UK's new voluntary agreement marks the end of months of discussion between the government and the tobacco industry, which last year spent around £80m ($135m) on media advertising as well as substantial sums on other forms of promotion such as sport sponsorship.

In addition to the introduction of tougher health warnings, the new agreement extends the ban on poster advertising visible from *schools to those visible from* children's playgrounds.

It also imposes stricter controls on tobacco advertising in young women's magazines and bans tobacco ads from all new magazines for six months. It extends health warnings to the branded advertising on tobacco companies' vehicles and to retail promotional material.

The Tobacco Advisory Council, which represents the industry, described it as a "victory for common sense". However, it was rejected as inadequate by health groups, which are campaigning for the UK to support the proposed EC ban.

The *government-appointed* Health Education Authority deplored the reliance on voluntary agreements, saying they were "ineffective in tackling the dangers of smoking".

The British Medical Association and other groups have warned that the credibility of plans announced by Mr William Waldegrave, health secretary, to raise health standards will be undermined unless the government takes a tougher stance on tobacco advertising.

WORLDWIDE WEATHER

		°C	°F
Ajaccio	F	27	81
Algiers	S	33	91
Amsterdam	C	19	66
Athens	F	25	77
Bahrain	S	35	95
Bangkok	F	32	90
Barcelona	S	26	79
Beirut	S	27	81
Belfast	S	17	63
Belgrade	S	19	66
Berlin	C	17	63
Biarritz	S	27	81
Bombay	F	29	84
Bordeaux	S	26	79
Boulogne	S	22	72
Brussels	S	21	70
Budapest	F	20	68
Buenos Aires	F	20	68
Cairo	S	32	90
Cape Town		–	–
Caracas		–	–
Casablanca	S	21	70
Chicago	S	22	72
Cologne	S	21	70
Copenhagen	F	17	63
Corfu	S	26	79
Dallas	S	23	73
Dublin	F	17	63
Dubrovnik	S	23	73
Edinburgh	S	17	63
Faro	S	25	77
Florence	S	28	82
Frankfurt	F	22	72
Geneva	S	25	77
Gibraltar	S	28	82
Glasgow	S	16	61
Helsinki	C	12	54
Hong Kong	S	29	84
Innsbruck	S	22	72
Inverness	C	16	61
Islamabad	F	34	93
Istanbul	F	20	68
Jakarta	F	34	93
Jersey	S	22	72
Johannesburg		–	–
Lima	C	19	66
Lisbon	F	24	75
London	S	22	72
Los Angeles	C	18	64
Luxembourg	S	20	68
Madeira	F	27	81
Madrid	S	29	84
Majorca	S	29	84
Malaga	S	27	81
Malta	F	27	81
Manchester	S	22	72
Manila	R	35	95
Melbourne	S	17	63
Mexico City	C	24	75
Miami	F	25	77
Milan	S	23	73
Montreal	S	13	55
Moscow	R	10	50
Munich	S	20	68
Nairobi		–	–
Naples	S	28	82
Nassau	F	34	93
New Delhi	S	31	88
New York	S	22	72
Nice	S	26	79
Nicosia	S	29	84
Oporto	S	23	73
Oslo	F	17	63
Paris	S	25	77
Peking	S	29	84
Prague	F	18	64
Reykjavik	S	9	48
Rhodes	S	28	82
Rio de Janeiro		–	–
Rome	S	27	81
Salzburg	S	21	70
San Francisco	C	14	57
Seoul	C	29	84
Singapore		–	–
Stockholm	S	13	55
Strasbourg	S	24	75
Sydney	C	18	64
Taipei	R	35	95
Tangier	S	26	79
Tel Aviv	S	28	82
Tenerife	F	26	79
Tokyo	C	27	81
Toronto	F	18	64
Tunis	F	28	82
Valencia	F	29	84
Venice	S	24	75
Vienna	S	19	66
Warsaw	F	20	68
Washington	S	21	70
Zurich	S	22	72

Temperatures at midday yesterday C – Cloudy Dr – Drizzle F – Fair Fg – Fog H – Hail R – Rain S – Sunny Sl – Sleet Sn – Snow T – Thunder

THE LEX COLUMN

Aerospace flies by the wire

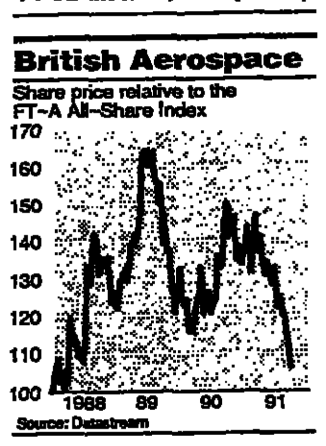
For today at least, there will be more questions than answers about British Aerospace's profits warning; but the manner and timing of its announcement scarcely inspire confidence. Given that most fore*casts for its full-year profits* were cut by a fifth only a few weeks ago, it looks like a case of mutual misunderstanding between BAe and the City. Since the recession began appearing in the form of lower profits, companies have shown an uncanny ability to deliver results closely in line with expectations. BAe's traditionally aloof style is out of step with the times.

One wonders nevertheless why the group felt obliged to make the warning when it did – tomorrow's interim results give it an opportunity for the customary trading statement. Perhaps the underwriters of its expected rights issue were *edgy; or BAe's auditors* were unhappy at continuing the policy of putting the costs of its redundancy programme into the balance sheet.

The episode seems to support Lord Weinstock's assertion that large defence groups *are having to wave goodbye to* the days when customer advances provided the funding for their businesses. In its 1990 *accounts, BAe had some* £4.5bn of advances, equivalent to three times its market capitalisation and £400m less than the *previous year's figure.* As customers get tougher, BAe might gear up with debt or issue lots more equity, but its working capital requirements will be as heavy as ever. The implications for shareholders are less than pleasing whichever route it chooses. Their only consolation is that talk of a large acquisition now seems decidedly far-fetched.

Whatever the case, the price for not massaging expectations has already been a 6.5 per cent drop in BAe's shares. If there is a large charge against profits to be made from the likes of Rover or the Arlington property portfolio, the worst of the damage might be over. The 6.5 per cent yield is scant consolation for the risk of further deterioration at the trouble spots.

FT-SE Index: 2,653.2 (−14.2)



Currencies

Having failed to rise to a new peak in the aftermath of the Soviet coup, the dollar is looking jaded. Its sharp fall in Europe yesterday owed something to heavy commercial sales in a thin market in New York on Friday night. But with Wall Street treading water and long-dated US government bonds trading at yields below 8 per cent, *the dollar* offers little investment attraction.

The balance of expectation is *that the next Federal Reserve move will be to ease.* There was no clear steer from last week's unemployment figures, but the Fed has a fresh opportunity to assess *domestic* recovery when prices and retail sales data are released at the end of this week. The pros*pect that rates might* then fall, however, does not mean that the foreign exchange market has become a one-way street. It *has* already discounted a US interest rate move; the Fed may not have much appetite for another.

UK economy

It is quite easy to imagine Mr Major pushing harder on the election button after yesterday's revised retail sales and credit figures for July. It would be imprudent to conclude, though, that the UK's economic statistics are yet consistent with anything more exciting than a slow and uncertain recovery.

Two consecutive months of retail volume growth on a scale not seen since early 1989 is certainly encouraging. Indeed, if one reallocates to later months part of the large March increase attributed to VAT, an improving trend is discernible at the end of the first half. Year on year comparisons should turn positive when August figures are available. The argument is all very tentative, however; allowance has to be made for the impact of stock clearance sales over the summer, and too much should not be read into sub sector gainers and losers. Though clothing and footwear sales were static in July, the rise in purchases of more discretionary household goods and consumer durables could conceivably be linked to the depressed housing market. *Those* deciding not to sell their homes can simultaneously opt for a spot of DIY.

The July credit figures can also be read in more than one way. The £4.28bn of new lending was more than the market expected and certainly adds weight to opinion poll findings that consumer confidence is creeping back. The size of credit card debt as a proportion of net increased lending, though, suggests that distressed borrowers may be somewhere in the equation.

Leucadia/ Molins

Leucadia's long-drawn out effort to gain control of Molins lacks the profile of Lord Hanson's mooted bid for ICI, but it raises important issues of principle nonetheless. This week Molins must call an extraordinary meeting at *which* its board *stands to be outvoted by* a foreign predator which managed to acquire only 45 per cent in the course of its original bid two years ago. Leucadia's chances of success are high because it has since managed to raise its stake to 48.45 per cent by buying shares at a premium to the market price.

There are aggrieved parties on almost every side in this affair, not least investors deprived of the right to exit at the premium paid by Leucadia since its its bid lapsed. Yet Leucadia has not infringed the Takeover Code; That suggests the Code is inadequate when a bid lapses with the bidder in spitting distance of a majority.

Hard cases make bad law. It is not easy to see how the Code could be amended without gross interference in the workings of the market. Forcing such a bidder to unwind its stake, possibly at a loss, would make the whole takeover business extraordinarily risky. In any case the Code defines a stake of between 30 and 50 per cent as effective control. By that yardstick, Molins is denying Leucadia its democratic rights by refusing it representation on its board. That situation would persist even if Leucadia had been denied its right to increase its stake by the permitted 2 per cent a year after the bid lapsed. But other shareholders also have a justifiable claim to equal treatment. Some of the injustice done to them would disappear if, having taken control of the Molins board, Leucadia was obliged to make an offer for the entire outstanding capital at the highest price it paid along the way.

FINANCIAL TIMES

COMPANIES & MARKETS

Tuesday September 10 1991

INSIDE

Hachette starts asset sale with Danel Ferry

Hachette, the French publishing and broadcasting group, is selling Danel Ferry, the country's leading printer of continuous office stationery in the first big step in the FFr2bn ($330m) of planned asset sales. Page 18

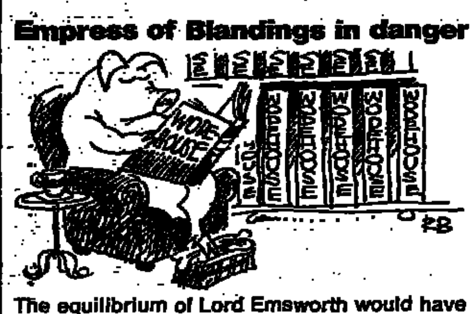
Carrubba speaks of his future

Mr Frank Carrubba, newly appointed executive vice-president of technology at Philips, the Dutch electronics giant, talked enthusiastically about the task ahead and his "10 exciting years at Hewlett-Packard", the US computer and electronics manufacturer. Page 18

EBRD picks Morgan Stanley

The European Bank for Reconstruction and Development has picked Morgan Stanley International, the US securities house, to lead its début debt issue. Page 23

Empress of Blandings in danger



The equilibrium of Lord Emsworth would have been very much disturbed by the knowledge that the Empress of Blandings, his prize sow, is now a member of an endangered species. The Empress, as fans of the English author P.G. Wodehouse should recall, was a Berkshire pig, a breed on the critical list of the Rare Breeds Survival Trust. Page 27

New ACM proposals accepted

Revised plans by Australian Consolidated Minerals for the sale of a stake in its Mount Keith nickel project to Outokumpu of Finland had been accepted by the federal government's Foreign Investment Review Board. Page 20

Sime Darby ahead 11%

Sime Darby's pre-tax profits to June rose 11 per cent M$679m (US$244.2m) but Malaysia's largest conglomerate warned of uncertainty ahead. Page 22

UK builder suffers

The severity of the recession in the UK housing market was illustrated when Wilson (Connolly) Holdings, the east of England-based builder, announced a 28 *per cent fall to £13.8m* ($23.32m) in pre-tax profits during the first six months. Mr Ian Black (left), managing director, said: "It is to be hoped that we are somewhere *near the bottom of the* cycle." Page 25

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)				**Falls**			
Falls				Damart	2100	–	41
Aachen Mch	845	–	15	Essilor Int	340	–	12
Colonia Konzern	885	–	35	Eurocom	825	–	20
Horten	185.5	–	4	Fonc Lyonnaise	672	–	28
Klockner Werke	148	–	4	Sommer-Allibert	1530	–	53
Schering	810.7	–	14.3	**TOKYO (Yen)**			
Zanders Feinpap	280	–	5	**Rises**			
NEW YORK ($)				Nippon Kayaku	873	+	100
Rises				Origin Electric	845	+	95
IBM	100½	+	1⅛	Pacific Indl	680	+	73
Hauser Chemical	20⅝	+	4⅝	[illegible]	420	+	35
[illegible]	9⅝	+	⅞	Chuo Spring	599	+	49
[illegible]	6¼	+	⅝	**Falls**			
Falls				Dia Kensetsu	1650	–	300
Baxter Int	33¼	–	1⅜				
Summagraphics	8¾	–	1½				
PARIS (FFr)							
Rises							
Poliet	429	+	8				

New York prices at 12.30pm.

LONDON (Pence)				Umeco	58	+	8
Rises				Vardy (Reg)	131	+	6
AAH	161	+	6	Westland	146	+	5
Ashley (L.)	88	+	9	**Falls**			
[illegible]	6¾	+	2¼	BAT Inds.	661	–	9
[illegible]	16	+	6	Br Aerospace	518	–	37
Goodhead	40	+	4	Haynes Publishg	110	–	20
Greene King	482	+	14	Linread	90	–	8
[illegible]	161	+	5	Reckitt Colman	656	–	15
[illegible] Exp	259	+	15	Select Appmts	3½	–	2½
Schroders	913	+	43	Sherwood Comp	117	–	8
Siebe	548	+	12				
Suter	133	+	18				

Brent Walker braced for receivers

By **Robert Peston** and **Roland Rudd** in London

BRENT WALKER, the troubled UK leisure group, moved close to receivership last night after holders of more than 25 per cent of its bonds refused to drop their *opposition to a reconstruction* plan and continued to support a rival offer from Lonrho, the international trading group.

Earlier in the day, Brent Walker's banks had warned *holders of £100m of Brent* Walker's bonds that they would call in the receivers if the bondholders did not drop their support for Lonrho's takeover offer for the company.

Touche Ross, the accountancy firm, is standing by to be appointed as receivers.

Standard Chartered, the bank leading a steering committee of principle lenders to Brent Walker, informed the bondholders yesterday that they must drop support for Lonrho's takeover plan, or see the company go into receivership. This message was delivered to Hambros, the merchant bank which is a bondholder and adviser to the biggest bondholders, by Mr Eric Naslund, the head of Standard's corporate reconstruction unit.

"The banks are no longer afraid to put the company into receivership", commented another member of the steering committee. "The gap between what we lose if the company *stays afloat or if it goes down is* not so great. But the bondholders would be wiped out by receivership".

The banker pointed out that Touche Ross, in its main role as an *accountant, had already* prepared a detailed evaluation of Brent Walker for the banks.

However Lonrho was keeping up its campaign to press Brent Walker's banks to consider its takeover offer. Mr Paul Spicer, a Lonrho director, yesterday warned the steering committee that they could be sued by shareholders and bondholders if they refused to circulate Lonrho's proposals to all 47 of Brent Walker's banks.

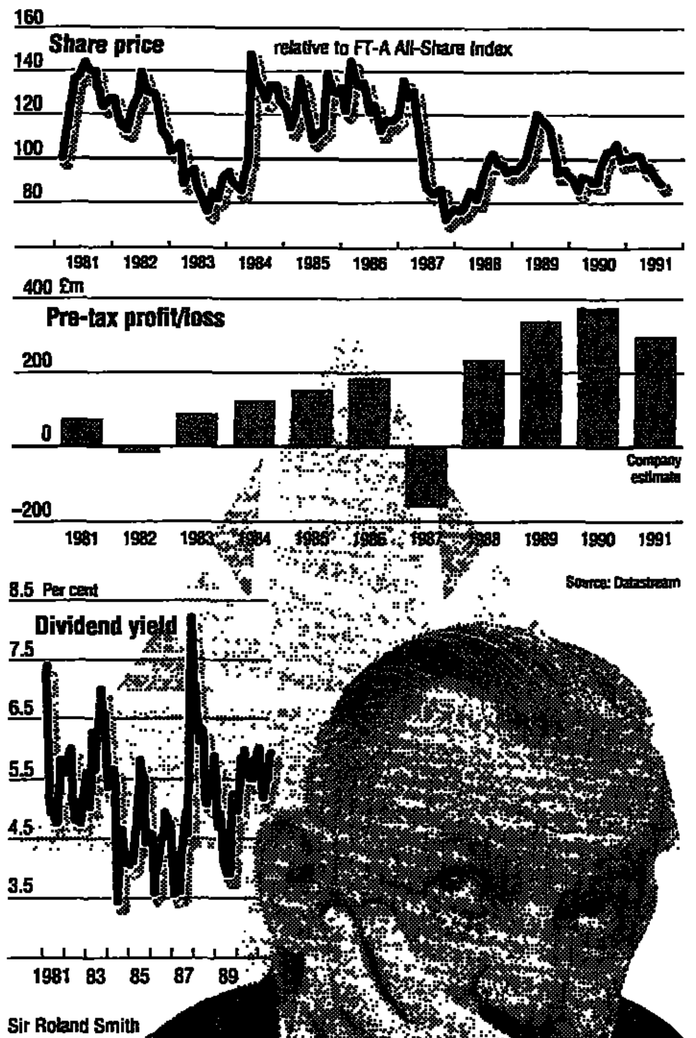
Mr Spicer said: "It would be disgraceful if the steering committee opted for liquidation rather than send our proposals to all 47 banks. Irresponsible behaviour like that could make them vulnerable to litigation."

But the banks were adamant that they would not negotiate *with Lonrho.* "If we open the door to these people, what happens if they do their due diligence, inspect the company's assets, and then tell us that they are not going to offer as much as *they first thought", said another* banker.

Shares tumble after unexpected announcement on earnings

UK market stunned by BAe warning

By **Paul Betts**, Aerospace Correspondence



Sir Roland Smith

The underlying problems of British Aerospace appear to have caught up with the company faster than expected.

The company's warning yesterday of far lower than expected profits this year stunned the stock market and sent BAe's share price tumbling. The City of London was baffled by the timing of the warning only two days before BAe was due to release its results for the first half of this year. There was speculation that this would coincide with a much talked about rights issue.

BAe shares dropped 37p to 518p after the company said its board "wishes to state that its own expectations are well below the numbers mentioned in the weekend press". These forecast full-year pre-tax profits of about £300m ($516m) or lower compared with £376m last year.

Various theories were doing the rounds in the City over the reasons for the sudden bearish announcement, including the possibility of some unexpected heavy write-offs.

The London Stock Exchange is also understood to have been investigating dealings in BAe shares before yesterday's statement because of the speculation of what appears to have been a *well-leaked imminent rights* issue. It is continuing to monitor the situation.

The favourite explanation for BAe's decision to put out a profit warning was that there had been a mismanaged flow of information to the market in expectation of a rights issue to raise £450m to £500m.

If the rights issue was to go ahead successfully – and the City was suggesting yesterday that the odds were still in favour of a rights announcement later this week – the company clearly had to ensure that the market would not be taken by surprise by its financial performance this year.

When Professor Sir Roland Smith, BAe's chairman, reported in February record 1990 pre-tax *profits of £376m,* he also warned that the company was continuing to face pressures from high inflation, high interest rates, the weak dollar, not to mention the cuts in the defence industry.

Although the company would be forced to continue rationalising production capacity and shedding jobs, he expressed confidence in the company's long term future.

Since February, the short term outlook for the company has deteriorated more rapidly than expected.

The defence business accounting for about 80 per cent of the company's trading profits last year is facing a steady long term decline.

So far, the Saudi Arabian Al Yamamah contract has not translated into more military aircraft orders.

Serious doubts are facing several of the missiles division's main projects because of government defence cuts.

At a time of rare defence contracts, BAe last week lost out to IBM for the contract to project manage the new Anglo-Italian EH101 anti-submarine helicopter programme.

Elsewhere, the commercial aerospace business is under intense pressure because of the difficulties of the airline industry.

Although the Airbus programme, in which BAe has a 20 per cent stake, has good long-term prospects, BAe's regional and business aircraft activities are facing difficult times.

At the same time, the company will have to start repaying next year some of the government launch aid it received for Airbus programmes.

The Rover car group has been affected by the deep recession in the UK car market which has fallen with far greater severity than anyone ever expected.

So far, there are no signs of a recovery in the market while Rover's production and development costs remain high. The car group will show a loss in the first half of this year and some analysts expect an operating loss for Rover of £80m to £100m for the full year.

Nor have BAe's property and construction activities escaped the general property slump.

Cars, property and commercial aircraft are the three principal prongs of BAe's diversification strategy to reduce the company's heavy reliance on the military business.

While the military business has been slipping away, the general trend in the group's civil business has been discouraging so far this year.

Mr Keith Hodgkinson, aerospace analyst at Shearson Lehman Brothers, said: "I had expected the bad times to hit them next year. They have come earlier than expected."

BAe would have to continue investing heavily to diversify to offset the decline in the defence sector.

The bottom line, however, is the heavy capital requirement of diversification. BAe's capital expenditure totalled £834m last year and was £860m the year *before.*

To transform the company into a diversified industrial group it must continue spending to rationalise existing production and expand into new sectors.

Diversifying into the civil sector provides none of the hidden benefits of the military business where most research and development costs are covered by government contracts.

Mr Hodgkinson estimated that every £1 of profit BAe has to replace from declining military business with civil alternatives costs the company £10.

This is one of the reasons the company has been anxious to increase its capital. In the current environment, it is difficult to see how it can generate internally the level of funds required to support its continuing diversification programme.

Although at the end of last year, BAe showed net liquid assets of £711m, this included hefty customer advances largely from Saudi Arabia on defence orders.

Excluding these advances, net debt totalled around £800m giv*ing a debt-equity ratio of* 31 per cent. Net debt is expected to have continued to rise this year.

BAe has long regarded its capital base in relations to its annual sales of £10.5bn last year too small.

With the need to raise cash to continue its diversification programme, the company was expected to make a call on the market at some stage during the next 12 months.

Recent City speculation suggests it has decided to do so this week, although after yesterday's profit warning it could decide after all to postpone the announcement of the widely expected rights issue.

Nobody disputes the logic of a cash call. They are baffled, to say the least however, by its orchestration.

Lex, Page 16

Ingersoll seeks new European investors

By **Raymond Snoddy** *in London*

MR RALPH INGERSOLL, the US publisher who owns the Birmingham Post and Mail British regional newspaper group, is *negotiating a re-capitalisation* deal with major publishers in Italy, Germany and France.

Mr Ingersoll, the first American to make a significant investment in the British regional *press, wants to sell a large* minority stake to a single continental European or a group of publishers.

The US publisher insists he wants to keep a majority stake *in the newspaper group in spite* of the impression that the whole group is for sale.

Two separate management groups are also competing to take over the company but it is *likely that a management buyout* will only succeed if efforts to find a continental European minority shareholder fail.

Mr Ingersoll, who owns the Birmingham Post, Evening Mail, Sunday Mercury, Coventry Evening Telegraph and 50 per cent of Irish Press Newspapers, has signed a non-binding letter of intent with one management buyout group.

This is led by the chairman of Ingersoll Publications, Sir Gordon Brunton, and chief executive Mr James Plugh. They are working with merchant banks Montagu Midland and Charterhouse to raise a purchase price believed to value the UK businesses at around £150m ($258m).

Under this option Mr Ingersoll would retain a significant minority slice of the company.

A second, management group brings together six leading and financial executives on the newspapers, including Mr Chris Oakley, the Birmingham Post and *Mail managing director and* editor-in-chief.

The group is offering more than £120m for the UK businesses and has the backing of Candover, the venture capital group *for the equity investment.* Two UK clearing banks are underwriting the debt.

Mr Ingersoll clearly hopes to end the uncertainty and either re-capitalise or find a buyer for his group before the end of this year. In the past there has been interest from a number of newspaper groups including Mr Conrad Black's Daily Telegraph and EMAP, the regional newspaper and magazine company.

Mr Ingersoll needs to raise money to reduce debt, partly taken on to pay for new presses. In the past he expanded his business by taking on high interest junk bonds.

German authorities probe DM500m futures fraud

By ***Katharine Campbell*** *in Frankfurt*

DUSSELDORF city prosecutors are investigating the collapse of an investment firm selling commodity futures to German inves*tors, who stand to lose up to* DM500m.

The case exposes a gap in the country's financial regulation system. Business in commodity futures falls outside the scope of *banking regulators, and some* forms of investment advice can be handed out without supervision.

From 1987 to January 1991, around 50,000 mainly small inves*tors each entrusted an average of* DM10,000 to DM15,000 to Vermögensbildende Sparsysteme.

VBS, which functioned as the German sales agent for Ambros, a Panama-registered investment company, *promised high returns* from dealings in a range of commodity futures.

Customers' monthly accounts showed annualised returns of 45 per cent in 1987. They fell steadily each year after that, but *were still at 22 per cent in 1990. It* appears that the few customers who chose to withdraw their funds were paid in full.

The fraud stems from the fact that most commodity deals that *VBS was selling actually* made a loss, according to the Düsseldorf prosecutors, so that the returns shown were artificial. Payments to investors were only sustained by drawing immediately on funds *entrusted by new savers.*

The system collapsed in January when Ambros declared bankruptcy in Germany on the domestic portion of its funds. Potential claims amount to around *DM500m, whereas* Ambros is understood to have funds available in Germany of around DM8.5m.

Lawyers representing some Ambros investors say they are trying to establish whether *Ambros has further funds* in the US or elsewhere.

The German authorities have taken into custody Mr Günter Bökels and Mr Hans-Jürgen Funk, both VBS salesmen, as well as Mr Richard Sax, who traded for Ambros in Chicago under the pseudonym of Richard Wagner.

A warrant has also been issued for the arrest of Mr Michael-Rolf Hemmer, president of Ambros, who is a resident of Liechtenstein. There is no extradition treaty between Germany and the principality.

VBS operated across Germany, *including in the new eastern* states, with around 3,000 freelance agents paid on commission.

S Africa finalises public Eurobond

By **Simon London** in London

SOUTH Africa has finalised plans for its first public debt issue since 1985, a D-Mark denominated bond issue which could also raise the first new money from international investors since the mid-1980s.

The DM200m-DM250m issue will refinance an outstanding Republic of South Africa bond issue which falls due on December 15. Bankers said that a small "symbolic" amount of new money would also be raised.

The deal will be lead managed by Deutsche Bank in Frankfurt. Other banks playing a leading role include Swiss Bank Corporation, Paribas and Kleinwort Benson. Institutions attended presentations by Mr Gerhard Croesser, the director general of the South African Department of Finance, in Frankfurt, Zurich, Paris and *London during* August.

Since then, underwriting banks have been pre-selling bonds to investors ahead of an official announcement of the launch, expected this week or next.

Sources close to the deal expect the debt to be priced to yield around 2 per cent more than German government bonds, slightly less than the yield spread on small private placements which have been completed for South African borrowers this year.

Bankers *participating in the* deal admit there is resistance among investors to buying South African debt securities. Banks participating in the deal risk fraying relationships with existing clients, especially those from North America.

Last week Deutsche Bank, Swiss Bank Corporation and Paribas were omitted from the underwriting group for a C$750m bond issue, the largest Canadian dollar bond issue ever made in the international bond market, by the Province of Ontario. The province does not deal with banks which have worked with South Africa.

If the bond issue in the name of the republic goes smoothly, other government-backed borrowers will include the Independent Development Trust and the Development Bank of Southern Africa.

An IDT bond issue may come before the end of this year with presentations to investors planned for next month.

Sources close to the finance ministry said that South African borrowers hoped to bring a public bond issue every six to eight weeks throughout next year. Around $1.1bn of existing debt falls due in 1992.

Hachette sells printer as start of assets disposal

By William Dawkins in Paris

HACHETTE, the French publishing and broadcasting group, is selling Danel Ferry, the country's leading printer of continuous office stationery, the first significant step in the FFr2bn ($330m) programme of asset sales announced last June.

The sale, at a price yet to be finalised, is to Apax Partners, the investment group formerly known as MMG Patricof. Danel Ferry is valued on the stock market at FFr230m. But the sale price could be between FFr400m and FFr500m given that the share price is affected by the fact that Hachette and its interests control nearly all Danel Ferry's capital, said Mr Jean Jacques Limage, analyst at DLP James Capel in Paris.

Apax plans to finance acquisitions of other office stationery printers by Danel Ferry, the third largest player on a European market which remains fragmented and ripe for consolidation, said Mr Maurice Tchénio, managing partner in the investment group.

Hachette is selling assets to curb debts, which reached around FFr7.4bn by the end of last year due to the cost of a two-year US acquisition spree, including Grolier, the encyclopaedia group, for $449m and Diamandis, the magazine publisher, for $712m. It also faces greater-than-expected losses and demands for cash from la Cinq, the troubled private television station of which Hachette became operator after taking a 25 per cent stake last October.

Danel Ferry is 86 per cent owned by Hachette, with another 11.5 per cent in the hands of Banque Arjil, the investment bank controlled by Mr Jean-Luc Lagardère, Hachette's chairman. The printer made a FFr30m net profit last year, depressed by the costs of a heavy restructuring plan, on sales of FFr1.35bn.

Stockbroking analysts welcomed the deal as the logical disposal of a business outside Hachette's mainstream interests.

● Compagnie Générale des Papiers, a French packaging group, said yesterday it had completed the acquisition of CMB Carton Systems, a small cardboard producer, from CMB Packaging, the Franco-British packaging group.

Krupp Stahl set to take over EKO group

By David Goodhart in Bonn

KRUPP STAHL, the steel subsidiary of Germany's Krupp conglomerate, is favourite to take over one of east Germany's biggest steel groups, EKO, in Eisenhüttenstadt, near the border with Poland.

A senior official of the Treuhand privatisation agency in Frankfurt an der Oder, the nearest regional office, confirmed yesterday that Krupp was the frontrunner to acquire the bankrupt steel company, which employs about 9,000 people.

There is also a joint offer from Thyssen and Salzgitter, now part of the Preussag group, and from the Dutch group Hoogovens. Krupp is reported to have the most ambitious restructuring plan for the east German steel group but is also demanding considerable state support.

● BEKAERT, Belgium's leading steel wire and cord producer, said the outlook for the rest of the year remained difficult despite reporting higher than forecast first-half profits, Reuter reports.

Net profit in the first half of 1991 fell sharply to BFr173m ($4.8m) against BFr413m in the first half of 1990.

Carrefour first-half profits rise 6.7%

By William Dawkins

CARREFOUR, the acquisitive French hypermarket group, yesterday announced a 6.7 per cent rise in first-half profits but repeated its earlier forecast that full-year earnings would fall slightly from last year's FFr1.35bn ($22m) net).

Carrefour, which is digesting the FFr5bn acquisition of its rival, Euromarché, launched in June, said net profits rose from FFr556m to FFr593m in the first six months of the year.

Sales rose by 16.7 per cent from FFr34.7bn to FFr40.5bn, although the underlying rise is 14.3 per cent, after taking out the first contribution from Montlaur, a bankrupt hypermarket chain which Carrefour bought in March.

This year's first-half profit includes an unquantified capital gain from the sale of Carrefour's 30 per cent stake in the Swiss group, Hypermarchés de Participations.

Court protection for TEA

By Andrew Hill in Brussels

A BELGIAN court yesterday accepted Trans European Airways' request for protection from its creditors and appointed two judges to report on the prospects for restructuring the airline.

TEA, Belgium's largest independent airline, asked for protection for four group companies on Friday after a number of small creditors threatened to go directly to TEA's clients for repayment of their debts.

The court decision – equivalent to Chapter 11 protection in the US – will enable TEA to continue flying while a restructuring package is put together.

The airline, which has made losses for the past two years, was planning a number of measures to revive the company, including possible investment or takeover by another airline.

TEA said on Friday it that hoped to pay its small creditors BFr250,000 ($7,000) each within six months.

Philips makes a Californian connection

Louise Kehoe talks with the enthusiastic American who takes over as the company's technology chief about the challenges he faces

Frank Carrubba: no lack of challenges to tackle

MR FRANK Carrubba is savouring the challenge he faces as the newly-appointed executive vice-president of technology at Philips, the Dutch electronics giant.

As he packed up boxes of personal belongings from his office in Silicon Valley last week, Mr Carrubba talked enthusiastically about the task ahead and his "10 exciting years at Hewlett-Packard," the US computer and electronics manufacturer.

As director of HP Laboratories since 1987, Mr Carrubba has managed HP's central research laboratories, with facilities in California and in Bristol, England. He joined HP in 1982 after 22 years as a member of the technical staff at IBM's research laboratory.

By all accounts, Philips has engaged a remarkably gifted veteran of the US computer industry to direct the restructuring of its research and development efforts. Still, Philips' choice of an American outsider is a great surprise, particularly in view of the company's recent decision to sell its minicomputer operations to Digital and to concentrate instead on personal computers.

But Philips-watchers point out that HP is strong in non-computer areas such as measurement technology, a field in which the Dutch group also specialises. They also say there will be no lack of challenges for Mr Carrubba to tackle.

Sophisticated and expensive computer-chip technology is increasingly being harnessed throughout Philips' range of products, which run the gamut from shavers to X-ray equipment. With two expensive research projects about to move from the lab to the market place in the 1990s – high-definition television and digital compact cassettes – Mr Carrubba will have his work cut out for him.

According to colleagues, Mr Carrubba has a rare combination of technological and management skills. Both, however, will be put to the test as he takes on his new job at the Eindhoven headquarters of Philips, whose legendary bureaucracy has been blamed for the company's failure to capitalise quickly and profitably on new ideas emanating from its renowned labs.

At HP, he participated in the largest technology project ever undertaken by the company to develop a new range of computer products based on Reduced Instruction Set Computing (RISC) technology. He also, however, managed HP Labs during the difficult period when this huge project moved out of the laboratory and into product divisions, taking with it many of the research and development organisation's top engineers.

Faced with the task of rebuilding morale among those left behind at HP Labs, Mr Carrubba turned to unconventional methods. He took group managers on an "experiential training" course, somewhat like an Outward Bound course, in which they were forced to rely upon one another for survival.

The goal was to rebuild trust within the group and create a spirit of camaraderie, he says. By all accounts, the results were highly successful. Years later, HP Labs engineers still talk about their experiences.

"It was unusual, even for Hewlett-Packard and even for Silicon Valley," Mr Carrubba acknowledges, "but it worked. We needed to grab people's attention, to get them to work together as teams. This was a sort of shock treatment."

This inventive spirit will sit well with Philips' Operation Centurion, a company-wide effort to jolt the group out of its lethargy. However, Philips engineers do not necessarily face a spell of mountain climbing or similar gruelling activities: Mr Carrubba says that he will need to take some time to understand the culture of his new co-workers and the company's goals and problems before he decides upon his management strategies.

Philips, he says, is a company with "spirit".

"They are in survival mode, stepping up to the very difficult challenge of improving productivity." He has been convinced, he says, by his conversations with Mr Jan Timmer, Philips' president, that the company is "willing to make the hard choices . . . to get out of unprofitable businesses it is burdened with."

As technology director, he aims to identify new business opportunities that match Philips' technology strengths. With his move to Philips, Mr Carrubba will for the first time step outside the computer segment of the electronics industry, where he has spent his entire career. This will also be his first job based outside the US. Both factors add to his enthusiasm for joining Philips.

"Consumer electronics is where the action will be in the 1990s," he says. "Philips is in a position to take advances in integrated circuit technology and flat panel display technology, for example, and design them into products that are appealing and useful.

Mr Carrubba says that he will also bring to Philips "knowledge of the core technologies that the US needs to have access to and the attitude of the US government." He aims to foster increased collaboration in the form of "partnerships and consortia" between US and European electronics manufacturers. And he sees himself as an ambassador of sorts, forging closer co-operation between the US and European electronics industries, both of which, he says, face common threats.

"The Japanese [electronics companies] are moving swiftly to drive a wedge as deeply as possible between Europe and the United States," he says, citing Japanese acquisitions of technology companies in the US and Europe. If the governments of the US and the European Community could collaborate by establishing such partnerships, it would be to the long-term benefit of both regions, he says.

The move to Philips will also bring Mr Carrubba closer to "fulfilling my dreams," he says. A first generation American, he says that he has long hoped to return to his roots in Europe.

Ultimately, he aims to retire to Italy, the country of his forebears. In the meantime, however, his goal is "to make one more significant contribution" through his work at Philips, where he hopes to play a key role in rejuvenating one of Europe's largest and oldest electronics companies.

Suter interim tumbles 46%

By Jane Fuller in London

SUTER, the UK industrial holding company operating in the shadow of Department of Trade and Industry inquiries for more than three years, suffered a 46 per cent fall in pre-tax profit to £9.2m ($15.54m) in the first half.

However, it reported signs of an upturn in parts of the group, and the share price gained 10p to close at 133p, compared with the January low of 83p.

Suter's pre-tax decline, from £17m, represented an improvement on the second half of last year. Turnover of £104.7m, against £102.8m, was helped by acquisitions. Mr David Abell, chairman and chief executive, said that leaving those aside, sales were 5 per cent down.

However, he felt that the bottom of the recession had been reached. Evidence of an upturn was showing in chemicals, where there were additional inquiries in the contract business; and in valves, where both orders and production were running at record levels.

There was some confusion over the state of two DTI inquiries into share dealings in six companies with which Suter has been linked in the past.

Mr Tony Paton Walsh, company secretary, said he had been told about a month ago by the secretary to the inspectors that they had finished their work and the report had been submitted.

But the DTI said the investigations were still going on and the report had not been received. It was not uncommon for the process to take more than two years and this was a complex case because of the number of companies involved.

Chemicals division undermines Suter, Page 25

Babcock Prebon placed in receivership by bankers

By Richard Gourlay in London

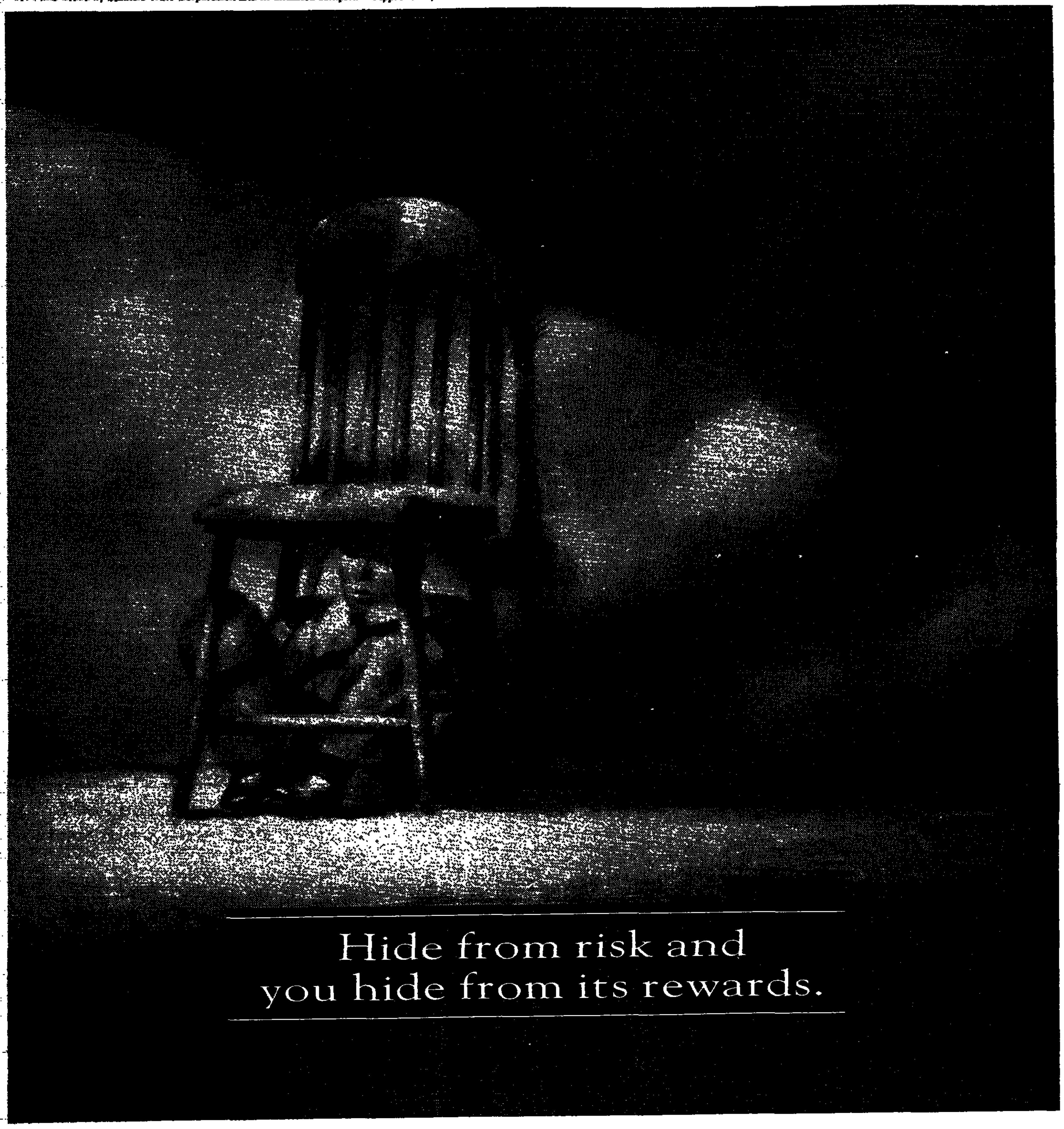
BABCOCK Prebon, the troubled UK financial services group, has been placed in receivership by its bankers, Samuel Montagu, after its main trading businesses were sold to management.

The banks, which are owed £50m ($86m), called in receivers Cork Gully late on Friday after Babcock Prebon failed to persuade some creditors to back a rescue plan.

The appointment of Cork Gully ends a troubled period which saw the former York Trust money brokers reduced to little more than a penny stock.

The board said its financial viability had been prejudiced by the level of debt and substantial rental commitments on four properties it vacated last year in order to move into new offices in London's Broadgate development.

The sale of most of the company to management has probably secured the future of the Babcock Prebon's 1,200 employees in eight countries.


Hide from risk and
you hide from its rewards.

INTERNATIONAL COMPANIES AND FINANCE

Finnish group cleared to take ACM mine stake

By Kevin Brown in Sydney

AUSTRALIAN Consolidated Minerals (ACM) said yesterday the federal government's Foreign Investment Review Board (FIRB) had accepted revised proposals for the sale of a 50 per cent stake in its Mount Keith nickel project to Outokumpu Metals and Resources of Finland.

The announcement is a blow to a hostile takeover bid for ACM launched by Western Mining Corporation (WMC) and Mr Robert Champion de Crespigny's Normandy Poseidon group. WMC and Normandy last week increased their bid from 90 cents a share to A$1.11, valuing the target company at A$260m (US$204.7m). However, the bidders have made clear that the offer would not proceed if the sale of a half-interest in Mount Keith goes through.

The offer, through a joint venture vehicle called Resplendid, is structured to allow WMC to take full control of the Mount Keith project, with ACM's gold mines and other assets going to Normandy Poseidon. The deal would give WMC secure access to the low-grade ore at Mount Keith, in Western Australia, which could be used to feed its nickel smelter at nearby Kambalda.

ACM announced recently that it planned to sell half of Mount Keith to Outokumpu, which will also take management control.

The Finnish group will retain most of the mine's revenue for the next two decades in return for an initial A$80m payment to ACM.

ACM said it had received notification that Mr John Kerin, the Australian treasurer, had no objection to the sale, which would be put to shareholders for approval on September 23.

The group did not say what changes had been made to the proposal to secure FIRB approval.

Hong Leong Finance confident at half-way

By Joyce Quek in Singapore

HONG LEONG Finance, Singapore's largest finance company, yesterday reported mixed interim results. However, the company said it was confident the second half would be satisfactory.

The group's total income from operations, including subsidiary Singapore Finance, was 8.3 per cent higher at S$108.1m (US$63.2m) for the six months to June. However, a 16.5 per cent fall in investment and other income to S$1.5m and SingFinance's profit plunge of 32.7 per cent to S$4.5m pushed pre-tax profits to S$22.9m this June, from S$25.5m.

The group had maintained a level of general provision in line with its outstanding loan portfolio, whose continued growth required an additional S$3m in provisions this half-year.

Group attributable profits dipped from S$15.3m to S$12.7m, and earnings per share fell from 6.83 cents to 5.69 cents.

● Sing Investments & Finance, another finance company, fared better, with group operating revenue and investment income up from S$8.8m to S$11.4m for the half-year to June, while pre-tax profits rose 17.8 per cent to S$9.9m.

Pasminco losses set back North Broken Hill

By Kevin Brown

NORTH Broken Hill Peko, the Australian resources group, yesterday blamed losses at Pasminco, an associated smelting group, for a 40 per cent fall in equity-accounted net profits to A$79m (US$62m) for the year to end-June.

North said net profits from its core mining and industrial division increased to A$159m from A$109m last year, mainly because of record production at the Robe River iron ore mine, in which it has a 53 per cent interest.

However, net profits from uranium mining by the group's 65 per cent-owned subsidiary Energy Resources of Australia (ERA) fell from A$131m to A$102m because of lower prices for uranium U3O8.

Profits from forestry and paper activities were also down from A$55m to A$32m because of competition from imports and depressed demand for paper caused by recession in Australia.

Pasminco, which is 40 per cent owned by North, increased production of zinc and lead, but lower prices and the high value of the Australian dollar had "a severe impact" on profitability, the group said.

North's share of Pasminco's losses amounted to A$19m, compared with a profit of A$62m in the previous year. Net profit after extraordinary items was A$110m, compared with A$132m last year, after including North's A$31m share of an extraordinary gain by ERA.

The extraordinary gain included a write-back of A$16m following the settlement of a dispute with the Australian Taxation Office.

ERA recently increased its uranium assets by buying the Jabiluka deposit in the Northern Territory from Pancontinental for A$120m, in spite of a federal government ban on development.

ERA hopes a future government will permit joint development of Jabiluka and its nearby Ranger mine.

Mr Peter Wade, North's managing director, said there had been some evidence of recovery in the group's domestic operations since the end of the financial year.

It was too early to predict profits for the current year, but there might be "some improvement" in earnings, Mr Wade said.

However, North would have to overcome the loss of Pasminco dividends, following an announcement by the company last week that it was unlikely to pay a dividend in the current year.

"We have to improve our operating performance quite strongly to overcome that loss of dividend, and that will be a real challenge for us," Mr Wade said.

Vasp agrees merger with Brazilian competitor

By Victoria Griffith in Sao Paulo

TWO Brazilian airlines, Vasp and Trans-Brasil, plan to merge in a move that would create the largest carrier in Brazil with 56 per cent of the domestic market. Varig, currently the largest Brazilian airline, has the remainder of the domestic market.

The merger is part of an expansion programme led by Vasp's president, Mr Wagner Canhedo, who bought a majority holding in the airline when it was privatised last October.

Vasp was formerly run by the state government of Sao Paulo, which still holds a 40 per cent share in the group.

The airline said the main purpose of the merger, which would require the state government's consent, was to cut costs. Rising operating costs have recently become a principal concern for Vasp.

Earlier this year, Mr Canhedo unveiled plans to form a $800m joint venture with the Cuban government for regular flights to that country. The deal never went through, however, apparently because of pressure from the US.

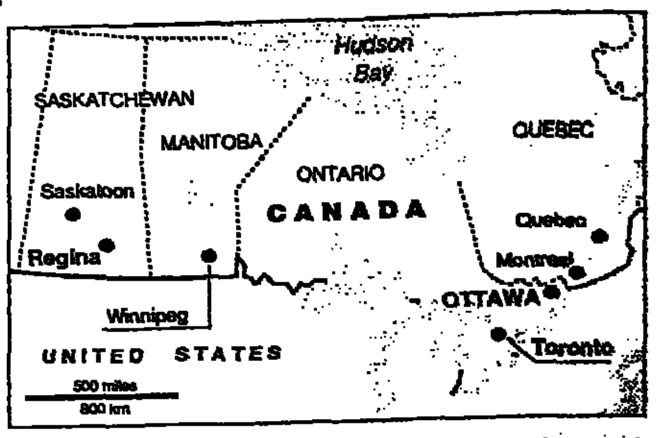
Vasp has grown fast on the back of Brazil's airline deregulation. From a 29 per cent share in total sales before privatisation, Mr Canhedo now claims 37 per cent of the domestic and international market.

Earlier this year, Vasp's president announced plans to invest $1.5bn by June 1992 on international routes and around 60 aircraft.

Only a few months ago, the two airlines were in dispute after Trans-Brasil had accused its rival of unfair practices designed to force other airlines out of the market. Vasp was subsequently cleared of the charges.

Canadian insurer lured to a new life on the prairies

By Bernard Simon in Toronto



THE PRAIRIE province of Saskatchewan, best known for its vast wheat farms and freezing winters, has persuaded one of Canada's leading life assurers to move its head office from Toronto to the sleepy provincial capital of Regina.

Crown Life, which has assets of C$10bn (US$8.70bn), is making the move to fulfil a key condition of a C$250m deal in which its controlling shareholder, the diversified financial services group Crownx, is selling a 42 per cent stake to Haro Financial Corp, a private Saskatchewan-based company. Crownx's interest will drop to 52 per cent.

The Saskatchewan government has been trying to promote Regina, a city of 180,000 people with a reputation as one of Canada's least attractive provincial capitals, as a centre for financial services companies which do not need constant face-to-face contact with their clientele.

The government will guarantee a bank loan to Haro to help finance the Crown Life purchase. Its support also has a clear political motive.

The Conservative government of premier Grant Devine, which trails its left-wing opposition in the opinion polls, must by law call an election within the next two months.

Mr Fred Richardson, Crown's chief executive, said the move would substantially reduce rental and other operating costs. Although all 1,200 head office staff will be offered jobs in Regina, the company expects that only about half will be willing to make the move.

Haro's investment will take the form of convertible preferred shares. Crown is setting aside C$50m of the proceeds to cover the costs of the move. Another C$100m is earmarked for extra provisions on the company's troubled US real estate portfolio, leaving C$100m for investment in Crown's capital.

While the move to Regina will bring long-term savings to the company and its employees, it will add at least one headache to doing business in the US, where Crown earns about two-thirds of its premium income.

Regina is only 100 miles north of the US border, but there are no non-stop flights from there to any US city. Crown Life's 151 offices also include operations in Britain, Hong Kong and the Caribbean.

Jinro and Coors link for Korean brewery venture

By John Ridding in Seoul

JINRO GROUP, one of South Korea's largest food and beverage companies, is establishing a joint venture with Adolph Coors of the US to set up a brewery in Korea.

Jinro will contribute about 65 per cent of the capital at a cost of between Won30bn (US$40.5m) and Won50bn. Coors, the third largest brewer in the US, will contribute the balance.

The Korean company, which is the largest producer of Soju, the country's most popular spirit, said there was great potential in the Korean beer market.

It said that, on average, Koreans consume only 61 bottles of beer per year, compared with more than 100 bottles for the Japanese. Total annual sales of beer in Korea amount to about Won1.5 trillion [million million], more than half of the market for alcoholic drinks.

Jinro says it will try to win market share from the two market leaders – Oriental Brewery and Choson Brewery – by appealing to Korea's youth. "It might be hard to win over people who have already established tastes, and we think that Coors' products will have more appeal to younger people," the company said.

Under the terms of the agreement, Jinro will invest Won150bn by 1994, when the brewery is expected to start operating. Initial annual capacity will be 200,000 kilolitres.

S&P and Fitch downgrade Continental Bank's ratings

By Martin Dickson in New York

CONTINENTAL Bank, the Chicago-based group which last month announced plans for a dividend cut and $175m of third-quarter special charges, yesterday had its credit ratings cut by two of the leading US rating agencies.

Standard & Poor's lowered the ratings on Continental's senior debt from Triple-B to Triple-B-minus, while Fitch Investor's Service lowered the senior notes from Triple-B-Plus to Triple-B.

Continental's third-quarter charge involved $150m of special loan-loss provisions, particularly in the residential property market, and $25m to cover the consolidation of overseas operations and the closure of its primary dealership in US government securities.

However, S&P said the restructuring effort did not "sufficiently address the fundamental problem of a declining revenue base or the company's weakened competitive position in a rapidly changing wholesale banking market".

It added that "the drag from a high level of non-performing loans and the possibility of increased funding costs could put pressure on an already thin net interest margin".

S&P expected a further increase in non-performing assets and said the company might need to supplement the loss reserve again. It noted the bank had a large exposure to the troubled California property market.

Fitch said the greatest near-term risks involved funding and liquidity disruptions. It did not expect a liquidity crisis, due the bank's extended maturities and sound cash position.

Moody's foresees pressure on Spanish banks' profits

SPANISH banks, although particularly creditworthy, face a more challenging future, marked by fiercer competition and rapid financial services innovation, according to Moody's Investors Service, Reuters reports.

In its annual report on the Spanish banking system, Moody's, the US credit rating agency, said Spain's slowing economic growth had begun to hurt its banking.

Moody's analysts say Spanish banks' profitability will come under pressure in the short term because of greater provisioning, more problem loans and high overheads.

Moody's said Spanish banks had been protected by a highly regulated domestic operating environment and had enjoyed excellent profitability.

Now, it adds, the positive impact of the changing environment had weakened or disappeared.

The rating agency said the Spanish banks' challenges could be offset by positive factors, including increased funding through retail deposits.

The Spanish central bank in 1990 reduced the cash reserve requirement to 5 per cent from 17 per cent to give the banks a better chance of competing for deposits.

New South Wales to privatise life office

By Kevin Brown

THE GOVERNMENT of New South Wales is preparing to bring the state-owned GIO life insurance company to the market in what would rank as Australia's second largest privatisation.

The largest was the A$1.3bn (US$1.03bn) flotation of 29 per cent of the Commonwealth Bank earlier this year.

Mr George Souris, a senior minister in the state's Liberal/National Party coalition government, said the flotation should be completed by April. Analysts believe it will raise more than A$1bn.

Mr Souris, who is chairman of the coalition's GIO privatisation task force, said the government planned to sell 100 per cent of the company, which is the fifth biggest Australian life insurance company.

"We are pretty pleased to see how the Commonwealth Bank float went, and this is in the same blue chip variety," Mr Souris said.

The partial flotation of the Commonwealth Bank by the federal government earlier this year attracted 200,000 investors. The issue closed A$600m oversubscribed, suggesting a healthy appetite for privatisation stocks.

Mr Souris said the pricing of the GIO float was still being considered, but 70 per cent of the shares were likely to be allocated to private investors. The remainder were likely to be allocated to domestic institutions, possibly with a shareholding limit of around 10 per cent of the stock.

"Our main expectation is that we can provide a framework that will keep GIO as an identifiable growing concern with a good network of branches. The last thing we want is that it gets swallowed up by an existing domestic competitor," he said.

GIO reported a 14.5 per cent fall in net profit to A$104m last year because of a run of natural disasters. The insurer paid a dividend of A$23m to the state government.

The company expanded into other states two years ago. It markets life insurance, superannuation products and financial services in competition with private sector insurers and other state-owned insurance providers.

The Labor government of Victoria announced plans to sell its state-owned insurance company earlier this year, but the proposed sale has been delayed by opposition from the Liberal/National party coalition in the state, which controls the upper house of the state parliament.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, September 9, 1991. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	99.25	57.3699	33.8448	42.5053
Albania	(Lek)	10.27	5.9364	3.5021	4.3982
Algeria	(Dinar)	30.45	17.6011	10.3836	13.0406
Andorra	(Fr Fr)	9.9725	5.7644	3.4006	4.2708
	(Sp Peseta)	183.15	105.867	62.4552	78.4368
Angola	(Kwanza)	101.324	58.5687	34.552	43.3935
Antigua	(E Carr $)	4.655	2.6907	1.5873	1.9935
Argentina	(Austral)	17155.14	9916.27	5850.01	7346.96
Aruba	(Florin)	3.086	1.7838	1.0523	1.3216
Australia	(Aus $)	2.1830	1.2618	0.7444	0.9349
Austria	(Schilling)	20.675	11.9508	7.0502	8.8543
Azores	(Port Escudo)	253.10	146.301	86.3086	108.394
Bahamas	(Bahama $)	1.7300	1	0.5899	0.7408
Bahrain	(Dinar)	0.6492	0.3752	0.2213	0.278
Balearic Is	(Sp Peseta)	183.15	105.867	62.4552	78.4368
Bangladesh	(Taka)	62.00	35.8381	21.1423	26.5524
Barbados	(Barb $)	3.467	2.004	1.1822	1.4847
Belgium	(Belg Fr)	60.75	35.1156	20.7161	26.0171
Belize	(B $)	3.448	1.993	1.1757	1.4766
Benin	(CFA Fr)	498.625	288.223	170.034	213.544
Bermuda	(Bermudian $)	1.7300	1	0.5899	0.7408
Bhutan	(Ngultrum)	44.50	25.7225	15.1747	19.0578
Bolivia	(Boliviano)	6.249	3.6121	2.1309	2.6762
Botswana	(Pula)	3.517	2.0329	1.1993	1.5062
Brazil	(Cruzeiro)	708.025	409.263	241.441	303.223
Brunei	(Brunei $)	2.94	1.6994	1.0025	1.2591
Bulgaria	(Lev)	31.014	17.9271	10.5759	13.2822
Burkina Faso	(CFA Fr)	498.625	288.223	170.034	213.544
Burma	(Kyat)	10.5879	6.1201	3.6105	4.5344
Burundi	(Burundi Fr)	345.20	199.538	117.715	147.837
Cambodia	(Riel)	1379.2	797.225	470.315	590.664
Cameroon	(CFA Fr)	498.625	288.223	170.034	213.544
Canada	(Canadian $)	1.9660	1.1364	0.6704	0.8419
Canary Is	(Sp Peseta)	183.15	105.867	62.4552	78.4368
Cp. Verde	(CV Escudo)	128.576	74.3213	43.8451	55.0646
Cayman Is	(CI $)	1.43	0.8265	0.4876	0.6124
Cent. Afr. Rep	(CFA Fr)	498.625	288.223	170.034	213.544
Chad	(CFA Fr)	498.625	288.223	170.034	213.544
Chile	(Chilean Peso)	615.50	355.78	209.889	263.597
China	(Renminbi Yuan)	9.233	5.3369	3.1485	3.9541
Colombia	(Col Peso)	1076.73	622.387	367.171	461.126
Comoros	(CFA Fr)	498.625	288.223	170.034	213.544
Congo (Brazz)	(CFA Fr)	498.625	288.223	170.034	213.544
Costa Rica	(Colon)	234.03	135.277	79.8056	100.227
Côte d'Ivoire	(CFA Fr)	498.625	288.223	170.034	213.544
Cuba	(Cuban Peso)	2.303	1.3312	0.7853	0.9862
Cyprus	(Cyprus £)	0.8085	0.4673	0.2757	0.3462
Czechoslovakia	(Koruna)	51.87c	29.9826	17.6879	22.2141
		50.04t	28.9248	17.0639	21.4304
Denmark	(Danish Kroner)	11.3625	6.5679	3.8746	4.8661
Djibouti Rep	(Djib Fr)	305.00	176.301	104.007	130.621
Dominica	(E Carrib $)	4.655	2.6907	1.5873	1.9935
Dominican Rep	(D Peso)	21.809	12.6063	7.4369	9.34
Ecuador	(Sucre)	1890.97o	1093.05	644.832	809.837
		1926.[illegible]	1113.62	656.972	825.084
Egypt	(Egyptian £)	[illegible]	3.3092	1.9522	2.4518
El Salvador	(Colon)	13.[illegible]	7.9989	4.7188	5.9263
Equat'l Guinea	(CFA Fr)	49[illegible]	288.223	170.034	213.544
Ethiopia	(Ethiopian Birr)	3.5[illegible]	2.0445	1.2061	1.5148
Falkland Is	(Falk £)	1.00	0.578	0.341	0.4282
Faroe Is	(Danish Kroner)	11.3625	6.5679	3.8746	4.8661
Fiji Is	(Fiji $)	2.5548	1.4767	0.8712	1.0941
Finland	(Markka)	7.1542	4.1353	2.4396	3.0638
France	(Fr)	9.9725	5.7644	3.4006	4.2708
Fr. Cty/Africa	(CFA Fr)	498.625	288.223	170.034	213.544
Fr. Guiana	(Local Fr)	9.9725	5.7644	3.4006	4.2708
Fr. Pacific Is	(CFP Fr)	180.90	104.566	61.6879	77.4732
Gabon	(CFA Fr)	498.625	288.223	170.034	213.544
Gambia	(Dalasi)	16.22	9.3757	5.5311	6.9464
Germany	(D-Mark)	2.9325	1.695	1	1.2558

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Ghana	(Cedi)	640.00	369.942	218.244	274.09
Gibraltar	(Gib £)	1.00	0.578	0.341	0.4282
Greece	(Drachma)	325.17	187.96	110.885	139.259
Greenland	(Danish Krone)	11.3625	6.5679	3.8746	4.8661
Grenada	(E Carr $)	4.655	2.6907	1.5873	1.9935
Guadaloupe	(Local Fr)	9.9725	5.7644	3.4006	4.2708
Guam	(US $)	1.7300	1	0.5899	0.7408
Guatemala	(Quetzal)	8.7601	5.0636	2.9872	3.7516
Guinea	(Fr)	1068.88a	617.85	364.494	457.764
		517.20n	298.96	176.368	221.499
Guinea-Bissau	(Peso)	1120.60	647.746	382.131	479.914
Guyana	(Guyanese $)	216.95	126.561	74.6632	93.7687
Haiti	(Goude)	8.62	5	2.9394	3.6916
Honduras	(Lempira)	9.1953	5.3152	3.1356	3.938
Hong Kong	(HK $)	13.3842	7.7365	4.564	5.7319
Hungary	(Forint)	129.154	74.6554	44.0422	55.3122
Iceland	(Icelandic Krona)	103.90	60.0578	35.4305	44.4967
India	(Indian Rupee)	44.50	25.7225	15.1747	19.0578
Indonesia	(Rupiah)	3385.97	1957.21	1154.64	1450.09
Iran	(Rial)	115.00	66.4739	39.2156	49.2505
Iraq	(Iraqi Dinar)	0.5936	0.3431	0.2024	0.2542
Irish Rep	(Punt)	1.1000	0.6358	0.3751	0.471
Israel	(Shekel)	4.007	2.3161	1.3664	1.716
Italy	(Lira)	2190.25	1266.04	746.888	938.009
Jamaica	(Jamaican $)	20.14	11.6416	6.8678	8.6252
Japan	(Yen)	233.50	134.971	79.6248	100
Jordan	(Jordanian Dinar)	1.1753	0.6793	0.4007	0.5033
Kenya	(Kenya Shilling)	49.996	28.8994	17.0489	21.4115
Kiribati	(Australian $)	2.1830	1.2618	0.7444	0.9349
Korea North	(Won)	1.6723	0.9666	0.5702	0.7161
Korea South	(Won)	1271.67	735.069	433.647	544.612
Kuwait	(Kuwaiti Dinar)	0.4922	0.2845	0.1678	0.2107
Laos	(New Kip)	1206.80	697.572	411.526	516.831
Lebanon	(Lebanese £)	1540.1	890.231	525.183	659.572
Lesotho	(Maluti)	4.9147	2.8408	1.6759	2.1047
Liberia	(Liberian $)	1.7300	1	0.5899	0.7408
Libya	(Libyan Dinar)	0.499	0.2884	0.1701	0.2137
Liechtenstein	(Swiss Fr)	2.5750	1.4884	0.878	1.1027
Luxembourg	(Lux Fr)	60.75	35.1156	20.7161	26.0171
Macao	(Pataca)	13.82	7.9884	4.7127	5.9186
Madagascar	(MG Fr)	2274.41	1314.69	775.587	974.051
Madeira	(Port Escudo)	253.10	146.301	86.3086	108.394
Malawi	(Kwacha)	4.896	2.83	1.6695	2.0967
Malaysia	(Ringgit)	4.782	2.7641	1.6306	2.0479
Maldive Is	(Rufiya)	17.34	10.0231	5.913	7.4261
Mali Rep	(CFA Fr)	498.625	288.223	170.034	213.544
Malta	(Maltese £)	0.5675	0.328	0.1935	0.243
Martinique	(Local Fr)	9.9725	5.7644	3.4006	4.2708
Mauritania	(Ouguiya)	149.23	86.2601	50.8883	63.91
Mauritius	(Maur Rupee)	27.75	16.0404	9.4629	11.8843
Mexico	(Mexican Peso)	5270.85a	3046.73	1797.39	2257.32
		5239.93d	3028.96	1786.85	2244.08
Miquelon	(Local Fr)	9.9725	5.7644	3.4006	4.2708
Monaco	(French Fr)	9.9725	5.7644	3.4006	4.2708
Mongolia	(Tugrik)	68.96	39.8612	23.5157	29.5331
Montserrat	(E Carr $)	4.655	2.6907	1.5873	1.9935
Morocco	(Dirham)	15.31	8.8497	5.2208	6.5567
Mozambique	(Metical)	2591.95	1498.24	883.87	1110.04
Namibia	(S A Rand)	4.9147	2.8408	1.6759	2.1047
Nauru Is	(Australian $)	2.1830	1.2618	0.7444	0.9349
Nepal	(Nepalese Rupee)	73.6148	42.5519	25.103	31.5266
Netherlands	(Guilder)	3.3025	1.9089	1.1261	1.4143
N'nd Antilles	(A/Guilder)	3.086	1.7838	1.0523	1.3216
New Zealand	(NZ $)	2.9650	1.7138	1.011	1.2698
Nicaragua	(Gold Cordoba)	8.62	4.9826	2.9394	3.6916
Niger Rep	(CFA Fr)	498.625	288.223	170.034	213.544
Nigeria	(Naira)	18.53	10.7109	6.3188	7.9357
Norway	(Nor. Krone)	11.5050	6.6502	3.9232	4.9271
Oman	(Rial Omani)	0.663	0.3832	0.226	0.2839

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Pakistan	(Pak. Rupee)	41.50	23.9634	14.1517	17.773
Panama	(Balboa)	1.7300	1	0.5899	0.7408
Papua New Guinea	(Kina)	1.6348	0.9449	0.5574	0.7001
Paraguay	(Guarani)	2273.67	1314.26	775.335	973.734
Peru	(New Sol)	1.36	0.7861	0.4637	0.5824
Philippines	(Peso)	45.30	26.1849	15.4475	19.4004
Pitcairn Is	(£ Sterling)	1.00	0.578	0.341	0.4282
	(NZ $)	2.9650	1.7138	1.011	1.2698
Poland	(Zloty)	19107.00	11044.5	6515.6	8182.37
Portugal	(Escudo)	253.10	146.301	86.3086	108.394
Puerto Rico	(US $)	1.7300	1	0.5899	0.7408
Qatar	(Riyal)	6.2681	3.6231	2.1374	2.6844
Reunion Is. de la	(F/Fr)	9.9725	5.7644	3.4006	4.2708
Romania	(Leu)	103.24	59.6763	35.2054	44.2141
Rwanda	(Fr)	215.63	124.624	73.5208	92.334
St Christopher	(E Carr $)	4.655	2.6907	1.5873	1.9935
St Helena	(£)	1.00	0.578	0.341	0.4282
St Lucia	(E Carr $)	4.655	2.6907	1.5873	1.9935
St Pierre	(French Fr)	9.9725	5.7644	3.4006	4.2708
St Vincent	(E Carr $)	4.655	2.6907	1.5873	1.9935
San Marino	(Italian Lira)	2190.25	1266.04	746.888	938.009
Sao Tome †	(Dobra)	413.76	239.168	141.095	177.199
Saudi Arabia	(Riyal)	6.4583	3.7331	2.2023	2.7658
Senegal	(CFA Fr)	498.625	288.223	170.034	213.544
Seychelles	(Rupee)	9.25	5.3468	3.1543	3.9614
Sierra Leone	(Leone)	531.60	307.283	181.279	227.666
Singapore	($)	2.94	1.6994	1.0025	1.2591
Solomon Is	($)	4.71	2.7225	1.6061	2.0171
Somali Rep	(Shilling)	4516.88	2610.91	1540.28	1934.42
South Africa	(Rand)	4.9147c	2.8408	1.6759	2.1047
		5.5427g	3.2038	1.89	2.3737
Spain	(Peseta)	183.15	105.867	62.4552	78.4368
Spanish Ports in N Africa	(Sp Peseta)	183.15	105.867	62.4552	78.4368
Sri Lanka	(Rupee)	72.00	41.6184	24.5524	30.8351
Sudan Rep	(£)	7.7580	4.4843	2.6455	3.3224
		19.7399g	11.4102	6.7313	8.4538
Surinam	(Guilder)	3.0773	1.7787	1.0493	1.3179
Swaziland	(Lilangeni)	4.9147	2.8408	1.6759	2.1047
Sweden	(Krona)	10.6975	6.1835	3.6479	4.5813
Switzerland	(Fr)	2.5750	1.4884	0.878	1.1027
Syria	(£)	36.204	20.9271	12.3457	15.5049
Taiwan	($)	45.90	26.5317	15.6521	19.6573
Tanzania	(Shilling)	294.45	228.006	134.51	168.929
Thailand	(Baht)	44.15	25.5202	15.0554	18.9079
Togo Rep	(CFA Fr)	498.625	288.223	170.034	213.544
Tonga Is	(Pa Anga)	2.1830	1.2618	0.7444	0.9349
Trinidad/Tobago	($)	7.327	4.2352	2.4985	3.1379
Tunisia	(Dinar)	1.6463	0.9516	0.5613	0.70[illegible]
Turkey	(Lira)	7859.36	4542.98	2680.09	3365.[illegible]
Turks & Caicos	(US $)	1.7300	1	0.5899	0.7408
Tuvalu	(Australian $)	2.1830	1.2618	0.7444	0.9349
Uganda	(New Shilling)	1465.06	846.855	499.594	627.435
U A E	(Dirham)	6.3240	3.6554	2.1565	2.7083
United Kingdom	(£)	1.00	0.578	0.341	0.4282
United States	(US $)	1.7300	1	0.5899	0.7408
Uruguay	(Peso)	3714.99	2147.39	1266.83	1591
USSR	(Rouble)	1.0038o	0.5802	0.3423	0.4296
		3.0114c	1.7406	1.0269	1.2896
Vanuatu	(Vatu)	191.00	110.405	65.1321	81.7987
Vatican	(Lira)	2190.25	1266.04	746.888	938.009
Venezuela	(Bolivar)	94.6671	54.7208	32.282	40.5426
Vietnam	(Dong)	16195.26	9361.42	5522.68	6935.87
Virgin Is-British	(US $)	1.7300	1	0.5899	0.7408
Virgin Is-US	(US $)	1.7300	1	0.5899	0.7408
Western Samoa	(Tala)	4.1235	2.3835	1.4061	1.7659
Yemen (Rep of)	(Rial)	20.86	12.0578	7.1133	8.9336
Yemen (Rep of)	(Dinar)	0.7948	0.4594	0.271	0.3403
Yugoslavia	(Dinar)	38.3032	22.1405	13.0616	16.4039
Zaire Rep	(Zaire)	30275.00	17500	10324	12965.7
Zambia	(Kwacha)	120.51	69.6589	41.0946	51.6102
Zimbabwe	($)	6.633	3.8341	2.2618	2.8406

Special Drawing Rights Sept. 6, 1991 United Kingdom £0.790363 United States $1.339270 Germany D Mark 2.32685 Japan Yen181.940
European Currency Unit Rates Sept. 9, 1991 United Kingdom £0.697167 United States $1.202960 Germany D Mark 2.05285 Japan Yen162.520

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate, (j) Business rate, (k) Buying rate; (l) Luxury goods; (m) Market rate; (n) Public transaction rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate: (s) Selling rate; (t) Tourist rate (u) Currencies fixed against the US Dollar; † Sao Tome: Dobra devalued by approx. 20% (31/8/91).
Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 071 634 4360/5.
Monday, September 9, 1991.

INTERNATIONAL CAPITAL MARKETS

Sime Darby improves but warns of uncertain outlook

By Lim Siong Hoon in Kuala Lumpur

SIME Darby, the largest of Malaysia's conglomerates, yesterday warned about uncertainty ahead after announcing that pre-tax profits in the year to June rose 11 per cent to M$679m (US$244.2m).

Turnover rose 12 per cent to M$5.6bn from M$5bn while operating profit improved 3 per cent to M$514m. Other incomes and a share of associates' profits added M$165m.

The group said it hoped "to maintain something close to its current level of profitability."

The Malaysian economy is expected to continue decelerating from its previous double-digit GDP growth, and Sime Darby's future results will be affected by recent increases in interest rates and the lowering of tariffs.

While group pre-tax profit rose largely because of its property division, which gained 68 per cent to M$93m, profit declined in plantations and manufacturing by 37 and 9 per cent respectively, to M$27m and M$37m.

After-tax profit, at M$471m, was 13 per cent higher, while net earnings, after M$161m in minority interests, rose 9 per cent to M$310m, or nearly 20 cents a share compared with 18 cents.

A lower extraordinary reduced the attributable profit to M$380m from M$420m. The group recommended a 6 per cent second-half dividend, or 12 cents, bringing the year's total to 15.5 cents.

Sime Darby's tractors, motors and heavy equipment group reported a 5 per cent increase in turnover to M$1.3bn. Pre-tax profit rose 1 per cent to M$146m.

● Turnover at Consolidated Plantations fell by 4 per cent to M$744m, while net earnings dropped 14 per cent to M$38m. Gains from land sales added M$145m for a 286 per cent higher attributable of M$183m.

● At Sime UEP Properties turnover improved 53 per cent to M$472m, while pre-tax profit rose 82 per cent to M$110m. Net earnings, at M$65m, doubled to 16 cents a share.

NZ power supply shares to be given to consumers

By Terry Hall in Wellington

NEW Zealand's electricity supply companies are to be privatised, with most of the shares given to consumers within five years, Mr John Luxton, the energy minister, announced yesterday.

The previous Labour administration shelved a similar proposal after a public backlash and opposition from a number of municipal power authorities, including Wellington and Dunedin. The opponents argued that the assets had been built up by ratepayers over the past century and belonged to them, not consumers.

In many other centres, however, the government recently replaced elected electricity boards with its own nominees in preparation for the change. The authorities and boards have assets which are conservatively valued at between NZ$2.5bn (US$1.44bn) and NZ$3bn. Under the change, the average household is expected to receive shares worth NZ$1,400.

Mr Luxton told a conference that the government had decided that the supply authorities were owned by the consumers of electricity.

The authorities were to be incorporated and the majority of the shares transferred to consumers. Trusts were to be set up to oversee the handling of the shares, and where the new companies were to be successors of municipal power boards, the associated local authority would be vested with the shares.

It is understood that 70 per cent of the shares in each authority must be sold, but the remainder could be held by trusts or local groups.

Mr Luxton said he was aware that there were aspects of the change that would not be popular, but the government believed that the cross-substitution issues, where consumers were subsidised by industry and heavy users, were too important to be left unchanged.

Consumer groups say that the shares will rapidly end up in the hands of major energy companies, including Fletcher Challenge, Brierley Investments or Electricorp. They also argue that prices for household consumers will rise by up to 30 per cent.

Mr Luxton said that giving shares to consumers would help offset the impact of the price rises, and he expected the new companies would be moderate in their charges.

● Brierley Investments has sold Whitcoulls, the book and stationery retail chain, to the printing company Rank Group for NZ$71.2m.

Whitcoulls, New Zealand's largest supplier of books and stationery, made a pre-tax profit of NZ$11.1m on sales of NZ$182m in the year to end-June.

Sekisui posts gain despite industry slide

By Robert Thomson in Tokyo

SEKISUI HOUSE, the leading Japanese housebuilder, reported a 14.2 per cent increase in pre-tax profit to Y47.88bn ($350.5m) for the first half-year to end-July.

The improvement came in spite of a downturn in the property market which has put several of Sekisui's competitors under extreme financial pressure.

The Osaka-based company said that total sales for the period rose 11.5 per cent to Y537.4bn, with housing sales rising by 11 per cent to Y450.8bn, and an operating profit 7.9 per cent higher at Y41.2bn.

While other Japanese builders have been hurt by their rapid expansion into the speculative one-room apartment market, Sekisui House has been involved in larger urban redevelopment projects and, generally, is considered to be more conservative than many of its competitors.

The Japanese property market has turned down sharply, with a 21 per cent decline in housing starts in July, compared with the same month last year.

Sekis[illegible] [illegible]ouse expects sales for th[illegible] [illegible]ll year to total Y1,090b[illegible] [illegible]p from Y1,032bn, with pr[illegible] [illegible]x profit at Y90bn, slightly [illegible]gher than last year's Y88bn.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 6.05 pm on September 9

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	102⅝	103⅛		6.93
ALBERTA PROVINCE 9 3/8 95	600	105⅞	106⅜	+⅛	7.65
AUSTRIA 8 1/2 00	400	101¼	101⅝	+⅛	8.27
BANK OF TOKYO 8 3/8 96	100	101	101½	+⅛	8.08
BELGIUM 9 5/8 98	250	107	107½	+⅛	8.23
BFCE 7 3/4 97	150	99¾	100¼	+⅛	7.79
BNP 8 5/8 94	300	103¼	103⅞	+⅛	7.23
BP CAPITAL 9 5/8 93	150	103	103⅜	-⅛	7.16
CANADA 9 96	1000	105¼	105⅝	+⅛	7.52
CARCO 9 1/4 96	650	102½	103½	+1⅛	8.60
CCCE 9 1/4 95	300	105⅛	105⅝		7.41
COUNCIL EUROPE 8 96	100	100⅞	101⅜		7.77
CREDIT FONCIER 9 1/2 99	300	106¾	107¼	+⅛	8.24
DENMARK 0 98	250	57½	58	+⅛	8.34
DENMARK 8 1/4 94	150	103	103½	+⅛	7.08
ECSC 8 1/4 96	193	102¼	102¾		7.67
EEC 7 1/4 93	250	100⅝	101		6.75
EIB 7 3/4 96	250	101	101½		7.49
EIB 9 1/4 97	1000	105¾	106	+⅛	8.02
ELEC DE FRANCE 9 98	200	104⅝	105⅛	+⅛	8.04
EUROFIMA 9 1/4 96	100	104½	105¼	+⅛	8.00
EXPORT DEV CORP 9 1/2 98	150	106⅝	107	+⅛	8.19
FINLAND 7 7/8 97	200	99⅞	100¼	+½	7.92
FINNISH EXPORT 9 3/8 95	200	105¼	105⅝	-⅛	7.83
FORD MOTOR CREDIT 9 1/2 93	300	103⅜	103⅞	-⅛	7.70
GEN ELEC CAPITAL 9 3/8 96	300	105⅝	106	+⅛	7.89
GMAC 9 1/8 96	200	103¼	103¾	+⅛	8.21
HALIFAX 9 1/2 93	200	103¾	104¼		7.15
IBM WORLD TRADE 7 5/8 93	150	101¼	101¾	+⅛	7.03
IND BK JAPAN FIN 7 7/8 97	200	98½	99	+⅛	8.20
INTER AMER DEV 7 5/8 96	200	99½	99⅞		7.75
ITALY 8 1/2 94	1500	103½	103¾		7.20
JAPAN DEV BK 8 94	150	102¼	102½	+⅛	7.08
KANSAI ELEC PWR 10 96	350	107⅞	108¼	+⅛	7.89
LTCB 8 5/8 93	150	101⅞	102¼		7.21
NEW ZEALAND 8 93	100	101½	102¼		7.04
NIPPON CRED BK 9 3/4 93	150	104½	105	+⅛	7.34
NIPPON TEL & TEL 9 3/8 95	200	105¼	105¾	-⅛	7.62
NORDIC INV BANK 9 93	200	103¼	103⅞		6.86
ONTARIO HYDRO 11 5/8 94	200	109	109¼		7.38
OSTER KONTROLLBANK 8 1/8 93	200	102	102⅜		6.66
PETRO-CANADA 7 1/4 96	200	97⅞	98½	+⅛	7.79
PRUDENTIAL RLTY SECS 0 99	365.216	53¾	54¼	+⅛	8.81
QUEBEC HYDRO 9 3/4 98	150	106¼	106¾	+⅛	8.53
QUEBEC PROV 9 98	200	102¼	102¾	+⅛	8.50
SAINSBURY 9 1/8 96	150	104¼	104¾	+½	8.06
SAS 10 99	200	102¾	104	+½	9.45
SBAB 9 1/2 95	500	105¼	105⅝	-⅛	7.80
STATE BK STH AUST 9 1/4 93	100	102¾	103¼		7.09
SUMITOMO BK CAP MKT 9 3/8 93	150	103⅝	104⅛	-⅛	7.50
SWEDEN 8 1/8 94	150	102¼	102¾	+⅛	7.20
SWEDISH EXPORT 9 5/8 93	100	103¾	104¼		6.79
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

DEUTSCHE MARK STRAIGHTS

[illegible]

SWISS FRANC STRAIGHTS

[illegible]

YEN STRAIGHTS

[illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAYERISCHE VEREINS INT 7 94 LFr	600	94	95		9.47
KREDIETCORP 7 93 LFr	1000	95½	96½		9.60
WORLD BANK 8 96 LFr	1000	95¾	97½	-⅛	9.15
UNILEVER 9 00 Fl	500	102	102½		8.66
BCE INC 9 5/8 93 C$	300	99¾	100½		9.64
BELL CANADA 10 5/8 99 C$	150	100¾	101¼	-⅛	10.44
BRITISH COLUMBIA 9 1/4 93 C$	150	99½	100¼		9.45
EIB 10 1/8 98 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ELEC DE FRANCE 9 3/4 99 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FORD CREDIT CANADA 10 94 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
GENERAL ELECT CAP 10 1/4 93 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ONTARIO HYDRO 10 7/8 99 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
OSTER KONTROLLBANK 10 1/4 99 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
QUEBEC PROV 10 1/2 98 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ROYAL TRUSTCO 10 1/4 93 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SWEDEN 9 3/4 93 C$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BELGIUM 9 1/8 96 Ecu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CNT 7 3/8 93 Ecu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
CREDIT LYONNAIS 9 96 Ecu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DENMARK 7 5/8 96 Ecu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EEC 7 5/8 94 Ecu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 10 97 Ecu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ITALY 10 3/4 00 Ecu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
UNITED KINGDOM 9 1/8 01 Ecu	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BP AMERICA 12 1/4 96 A$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
COMM BK AUSTRALIA 13 3/4 99 A$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
COUNCIL EUROPE 13 93 A$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EKSPORTFINANS 12 3/8 95 A$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FORD CRED AUST 13 93 A$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
MCDONALDS CANADA 15 95 A$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NAT AUSTRALIA BANK 14 3/4 94 A$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
STATE BK NSW 14 1/4 99 A$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
VOLKSWAGEN INTL 15 94 A$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ABBEY NATL TREAS 13 3/8 95 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BARCLAYS JERSEY 9 1/2 93 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
BRITISH GAS 12 3/4 95 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
DEUTSCHE BK FIN 11 94 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
EIB 10 97 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
FORD CREDIT FUNDING 9 5/8 93 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
INTER AMER DEV 11 3/8 95 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ITALY 10 1/2 14 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LAND SECS 9 1/2 07 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
LEEDS PERMANENT 9 1/4 93 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
NORWAY 10 1/2 94 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ROLLS-ROYCE 9 5/8 93 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SAINSBURY 10 7/8 93 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SKANDINAVISKA ENSK 13 1/8 95 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
WORLD BANK 11 1/4 95 £	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ABBEY NATIONAL 0 96 NZ$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TELECOM NZ O/S FIN 13 1/8 93 NZ$	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
AIDC 7 7/8 93 FFr	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FLOATING RATE NOTES

[illegible]

CONVERTIBLE BONDS

[illegible]

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day. FLOATING RATE NOTES: [illegible] CONVERTIBLE BONDS: [illegible]

INTERNATIONAL CAPITAL MARKETS

Hopes of rate cut push up Treasuries at the long end

By Patrick Harverson in New York and Sara Webb in London

US TREASURY prices firmed at the long end yesterday morning, aided by the appearance of several large contract buyers in the futures market.

By mid-session, the benchmark 30-year government bond was up ¼ at 101⅛, yielding 7.992 per cent. There was no movement at the short end of the market, however, with the two-year note unchanged at 100⅛. Trading was reported to be light, with many market participants absent because of the Jewish New Year holiday.

Buying in both the futures and the underlying market was prompted by hopes that the Federal Reserve might cut interest rates. Figures released late last week showed the economy still moving very slowly out of recession, and the market thinks the Fed will cut the discount rate from 5½ per cent to 5 per cent to inject fresh life into the recovery.

■ UK GOVERNMENT bonds rallied, helped by the improved showing of the Conservative Party in opinion polls and hopes of a further cut in the base rate in the next month.

However, the market slipped slightly on news that the Bank of England was to issue £600m of gilts for sale today. The Bank is selling three £200m tranches of the following gilts: the 9 per cent Treasury loan due 1994; the 10¼ per cent Exchequer stock due 1997; and the 9¾ per cent Treasury loan due 1999.

The announcement follows Friday's news that the Bank is to auction conventional gilts on September 25 in the maturity range 2008 to 2009.

Long-dated gilts closed up a quarter point, after gaining up to half a percentage point during the day. The benchmark 11¾ per cent gilt due 2003/07 opened at 113⅝ and traded at 113⅞ by late afternoon to yield 9.72 per cent.

■ JAPANESE government bonds reached highs in the cash market on hopes of a cut in the official discount rate, but fell back to close unchanged on the day.

The unsecured overnight call rate in Tokyo fell to 6⅞ per cent yesterday, having traded at around 7⅛ per cent last Thursday and 7⅛ per cent on Friday. Traders said the sharp decline was taken as a sign that the Bank of Japan was prepared to tolerate lower money market rates.

The yield on the benchmark No 129 Japanese government bond opened and closed at 6.235 per cent, moving in a range of 6.215-6.24 per cent.

■ THE Ecu bond market staged a further strong rally yesterday. Traders said long-dated Ecu bonds attracted the strongest interest. The Matif Ecu futures contract rose from 106 to 106.22 yesterday.

In Germany, hopes of an easing in US interest rates helped to lift government bond prices. The London International Financial Futures Exchange bund futures contract opened at 85.44 and traded up to 85.58.

GOVERNMENT BONDS

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		12.000	11/01	108.1035	+0.193	10.67	10.70	10.69
BELGIUM		9.000	06/01	98.9000	+0.200	9.17	9.24	9.37
CANADA *		9.750	12/01	101.1250	+0.500	9.57	9.66	9.83
DENMARK		9.000	11/00	99.1750	+0.450	9.13	9.24	9.35
FRANCE	BTAN	8.500	11/96	97.7286	+0.080	9.05	9.11	9.29
	OAT	9.500	01/01	103.7700	+0.190	8.87	8.93	9.13
GERMANY		8.750	08/01	102.3600	+0.430	8.39	8.42	8.58
ITALY		12.500	03/01	98.3500	+0.350	13.21	13.31	13.46
JAPAN	No 119	4.800	06/99	90.8845	+0.049	6.57	6.61	6.89
	No 129	6.400	03/00	100.8908	+0.056	6.24	6.30	6.51
NETHERLANDS		8.500	03/01	98.3800	+0.030	8.75	8.75	8.87
SPAIN		11.900	07/96	101.2900	+0.070	11.50	11.59	11.91
UK GILTS		10.000	11/96	101-08	+10/32	9.68	9.91	10.07
		10.000	02/01	101-25	+09/32	9.71	9.87	10.02
		9.000	10/08	95-21	+11/32	9.52	9.65	9.78
US TREASURY *		7.875	08/01	101-01	+08/32	7.72	7.81	7.95
		8.125	08/21	101-17	+10/32	7.98	8.05	8.17

London closing, *denotes New York morning session. Yields: Local market standard. Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

Japan looks at finance regulation

JAPAN'S Ministry of Finance (MoF) is considering regular monitoring of the activities and profits of non-bank financial institutions to improve its regulation of the financial industry, Reuter reports from Tokyo.

The MoF said: "We need to understand non-banks' business conditions to conduct an effective monetary policy," adding that the ministry would soon set up a study group to work out detailed methods of monitoring these institutions.

The MoF already monitors non-banks' property-related loans as many of them have financed the speculative property deals that have driven up Japanese land prices.

Non-banks include leasing companies and consumer credit firms, which offer loans without accepting deposits and rely largely on bank loans to finance their lending.

Because they do not accept deposits, non-banks are now loosely regulated by the Ministry of International Trade and Industry. The study group will consider whether legal changes are required for the finance ministry to monitor the non-bank institutions.

Several non-banks are suffering from bad debts and defaults due to the collapse of property companies hit by tight money policies and restrictions on property-related loans, analysts said.

Bank fraud cases have also undermined the position of some non-banks, the analysts said.

Non-banks' total assets are estimated at about Y7bn ($52m).

EBRD picks Morgan Stanley for first issue

By Simon London

THE European Bank for Reconstruction and Development has selected Morgan Stanley International, the international capital markets arm of the US securities house, to lead-manage its debut bond issue.

The firm won the mandate after competing with other banks, including Paribas Capital Markets and Salomon Brothers.

The EBRD says that the details of its first bond issue have yet to be finalised. Bankers anticipate an issue by the end of this month.

The choice of Morgan Stanley was seen in the Euromarket as a sign that the EBRD is keeping its funding options open. Morgan Stanley is strong in both the Ecu sector, believed to be the EBRD's favoured option, and the Eurodollar sector of the international bond market.

The firm lead-managed the UK government's debut Ecu2.5bn bond issue in February.

However, the EBRD's first issue will be of more modest proportions: the bank envisages raising Ecu800m from the debt markets by the end of 1992.

Bankers anticipate a deal of about Ecu300m to Ecu500m, or the dollar equivalent if the Ecu sector is seen as unreceptive to new issues.

There is debate over the correct pricing for an EBRD issue. The bank will be keen to achieve a price comparable with other established supranational borrowers such as the European Investment Bank – a shareholder in the new institution.

Analysts noted that much of the bank's initial Ecu570m start-up capital has been supplied by governments which carry a top triple-A credit rating.

The bank will eventually have a capital base of Ecu30bn ($25bn), provided by the 39 countries and two European institutions that are shareholders.

However, since the bank has only just begun to lend money to eastern Europe, the quality of its assets is unknown.

Mortgage Corp brings £300m deal

By Simon London

THE Mortgage Corporation (TMC), a UK mortgage lender, yesterday attempted to breath life into the sterling mortgage-backed securities sector of the international bond market by launching a £300m issue.

The deal, issued through a special purpose company called PIMBS 7th Finance, is the largest transaction backed by a pool of UK residential mortgages for nearly a year. The deal is lead-managed by Salomon Brothers International and has an average life of 4.58 years – bonds are redeemed as the underlying mortgages are paid off.

It was priced to pay bondholders a margin of 52 basis points over the three-month London interbank offered rate.

The deal carries a triple-A credit rating on the basis of a separate tranche of £35m subordinated notes which absorb any losses if there are defaults on the mortgages. In the past, the borrower has always used insurance companies to protect bondholders from default risk.

However, the downgrading of several leading UK insurance companies has already forced TMC to take out additional insurance to protect the credit quality of some of its earlier bond issues.

Participants in the deal considered the pricing fair, although a deal of this size will take time to be fully absorbed by the market. The lead manager held the issue at the fixed re-offer price of 99.77 until the close of trading.

Crédit National, the French state financial institution, joined the ranks of borrowers in the Euro-French franc market launching "jumbo" deals when it issued FFr3bn-worth of 10-year bonds.

The deal, lead managed by Crédit Commerciale de France, carries a coupon of 9¼ per cent and was priced to yield 45 basis points more than French government securities of similar maturity. This was in line with other deals in the sector. For example, Finland's recent FFr3bn deal was yesterday trading at a yield spread of 42 basis points over government paper.

Participants said the deal was tightly priced, but sold well to international investors with a positive view of the prospects for the French currency. The lead manager held the deal at the fixed reoffer price of 99.50 until the close.

In the Eurodollar sector, Export Development Corporation came with a tightly-priced $200m three-year deal, lead managed by Credit Suisse First Boston. The bonds carry a coupon of 7 per cent and were priced to yield 31 basis points over US government paper.

The yield spread was considered very tight by participants – "at the razor's edge", commented one syndicate manager – but a positive tone in the Eurodollar market and the credit quality of the issuer helped the deal to sell.

BMW Finance, the funding arm of the German motor manufacturer, took advantage of demand within Germany for Swedish kronor, launching a SKr400m seven-year deal lead-managed by Dresdner Bank. The deal offers a coupon of 10¾ per cent, and was priced to yield 10.85 per cent at issue price less full fees.

Since the Swedish currency is linked to the Ecu, such paper offers German investors a high yield with limited currency risk. However, other European investors remain more cautious. The lead manager estimated that 80 per cent of the paper had been bought by German investors.

INTERNATIONAL BONDS

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Export Development Corp(a)†	200	7	101⅛	1994	1⅞/1.3	CSFB
MBL Finance(b)†	100	8⅝	100	2006	2¼/1½	Mitsubishi Fin.Intl.
MBL Finance(c)†	75	8⅛	100	2001	2/1¼	Mitsubishi Fin.Intl.
STERLING						
T.M.C.(d)‡†	300	(d)	100	2031	48bp/38bp	Salomon Bros.Intl.
FRENCH FRANCS						
Credit National(a)†	3bn	9¼	99.50	2001	32.5/12.5	CCF
D-MARKS						
Deutsche Bk.Finance(e)†	500(e)	9	102¼	1996	1¼/1¼	Deutsche Bk.
SWEDISH KRONOR						
BMW Finance(a)†	*400*	*10¾*	*101.40*	*1998*	1⅞/1⅛	Dresdner Bk.

**Private placement. §Convertible. ♦With equity warrants. ‡Floating rate note. †Final terms a) Non-callable. b) Callable on or after 27/9/2001 at par. c) Callable on or after 27/9/96 at par. d) Coupon pays 45bp over 3-month Libor until 1/11/91 then pays 75bp over. Callable from September 1996 at par. Credit enhancement by way of insured class B notes. e) Amount increased from DM300m. Original issue launched 14/8/91. Non-callable.

HK to study Jardine share plan

By Angus Foster in Hong Kong

JARDINE Matheson's plan to move its primary listing to London, but for its shares to remain tradeable in Hong Kong, is to come under public scrutiny following the release yesterday of a consultative document by the Hong Kong Stock Exchange.

The exchange insisted it remained open-minded about Jardine's plans and would listen to the views of market practitioners before deciding. But it is generally thought to be prepared to accept the proposals in case Jardine, which accounts for about 9 per cent of market capitalisation, delists from Hong Kong.

However, the Securities and Futures Commission (SFC), Hong Kong's overall market watchdog, has delayed entering the debate, having said it would issue public consultative documents in June. Now, the SFC says its documents, which mainly address implications under Hong Kong's takeover code, will be released only if the exchange agrees in principle to Jardine's proposal.

The SFC's move is designed to deflect criticism of its role. If Jardine is granted "trading only" status, China is likely to criticise the government and SFC for bowing to pressure from the British Keswick family, which controls Jardine. Some bankers may join the attack, saying the proposals undermine Hong Kong's efforts to be seen as an international financial centre.

Jardine hopes to move its primary listing to London early next year. This may now have to be delayed. Jardine is domiciled in Bermuda and would not be covered by the London takeover code. A separate Jardine proposal to remain subject to the Hong Kong takeover code for three years cannot be negotiated until the exchange and SFC finish their consultations.

In its 64-page document, the exchange gave four options for dealing with Jardine's proposal. At issue is the extent of Hong Kong's regulatory control over Jardine, given that about 75 per cent of trading in the group's shares takes place in the colony with 25 per cent in London, and more than 90 per cent of trading in associate Hongkong Land is conducted in Hong Kong.

Crédit Local flotation to raise FFr2bn

SHARES in Crédit Local de France will be listed on the Paris bourse on November 19, Reuter reports from Paris.

The Finance Ministry is to float about 20 per cent of Crédit Local, raising about FFr2bn ($330m), said bankers. Banque Worms is adviser.

● The board of Swedish state-controlled bank Nordbanken, aiming to strengthen its finances, plans to recommend at a meeting on October 14 the terms of its NKr5bn rights issue.

Nordbanken said the government, which controls about 70 per cent of the bank, would take its share of the issue and has guaranteed that all shares will be subscribed for.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

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EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon Sep 9 1991 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%))	Est. P/E Ratio (Net)	xd adj. 1991 to date	Fri Sep 6 Index No.	Thu Sep 5 Index No.	Wed Sep 4 Index No.	Year ago (approx) Index No.
1 CAPITAL GOODS (183)	875.25	-0.5	9.56	5.54	12.88	23.87	879.28	874.81	873.69	741.67
2 Building Materials (24)	1126.22	-0.3	7.98	5.51	15.99	32.33	1129.78	1124.54	1117.76	916.19
3 Contracting, Construction (31)	1185.47	-0.4	8.82	6.59	14.99	33.40	1189.91	1180.79	1170.00	1136.22
4 Electricals (11)	2503.23	-0.2	9.56	5.32	13.37	63.95	2508.25	2497.10	2490.28	2086.26
5 Electronics (24)	1805.02	-0.5	9.77	5.04	12.82	48.40	1813.29	1820.27	1827.06	1594.18
6 Engineering-Aerospace (8)	404.85	-2.7	16.88	6.19	7.10	12.11	416.01	407.53	406.67	432.32
7 Engineering-General (45)	502.87	....	10.34	5.11	11.87	13.19	502.99	499.52	498.15	409.99
8 Metals and Metal Forming (8)	449.44	-1.7	14.72	7.86	8.25	17.15	456.99	458.58	455.48	421.48
9 Motors (12)	369.85	-0.4	7.92	6.50	16.13	12.70	371.25	366.99	367.92	302.06
10 Other Industrial Materials (20)	1669.40	-0.1	8.26	4.88	14.19	38.33	1671.19	1663.18	1669.06	1310.25
21 CONSUMER GROUP (188)	1585.69	-0.3	7.23	3.46	17.06	27.37	1590.33	1585.67	1582.87	1189.46
22 Brewers and Distillers (22)	1940.11	-0.4	7.92	3.44	15.40	34.70	1947.18	1949.98	1941.66	1474.75
25 Food Manufacturing (19)	1236.46	+0.1	9.24	4.01	13.38	24.86	1234.71	1236.69	1237.38	1008.96
26 Food Retailing (17)	2739.54	-0.4	7.84	3.04	16.69	44.38	2751.63	2746.97	2730.35	2397.29
27 Health and Household (22)	3744.17	-0.8	5.20	2.32	21.90	35.03	3775.45	3758.25	3744.83	2403.86
29 Hotels and Leisure (23)	1385.65	....	8.20	5.03	14.84	37.19	1385.70	1385.28	1392.39	1211.59
30 Media (26)	1534.94	+0.3	7.18	4.62	18.14	41.56	1529.77	1520.09	1518.72	0.00
31 Packaging, Paper & Printing (18)	788.41	+0.3	7.13	4.18	16.99	16.35	785.72	780.58	779.46	495.19
34 Stores (32)	1035.27	-0.1	7.36	3.59	17.72	17.96	1036.43	1030.49	1034.29	756.46
35 Textiles (9)	646.93	-0.6	7.31	4.80	17.39	14.09	651.16	627.72	614.78	403.73
40 OTHER GROUPS (109)	1295.54	-0.7	9.35	4.99	13.40	32.75	1304.40	1298.59	1299.19	1024.06
41 Business Services (12)	1442.79	....	7.48	4.54	16.55	30.08	1443.37	1432.82	1430.86	0.00
42 Chemicals (21)	1480.63	-0.6	6.88	4.87	17.95	46.15	1490.01	1492.91	1506.49	1044.55
43 Conglomerates (10)	1519.31	-0.5	9.80	6.94	12.32	35.17	1526.57	1515.32	1510.08	1379.72
44 Transport (13)	2370.25	+0.1	7.60	4.52	16.29	62.68	2368.04	2359.44	2355.03	1917.07
45 Electricity (16)	1247.78	-0.6	14.07	5.22	9.11	27.53	1255.03	1246.12	1238.22	0.00
46 Telephone Networks (4)	1553.71	-1.1	9.50	3.91	13.78	28.34	1570.63	1565.79	1569.65	1145.43
47 Water (10)	2516.48	-0.9	16.25	6.12	6.81	118.37	2539.85	2528.54	2503.23	1940.03
48 Miscellaneous (23)	1931.34	-0.8	5.18	5.13	26.71	47.96	1947.79	1931.28	1940.19	1553.00
49 INDUSTRIAL GROUP (480)	1320.14	-0.4	8.36	4.35	14.83	28.74	1326.09	1321.00	1319.74	1032.93
51 Oil & Gas (20)	2460.41	-0.4	10.61	5.60	12.44	78.32	2469.89	2479.74	2484.98	2487.49
59 500 SHARE INDEX (500)	1418.40	-0.4	8.64	4.50	14.49	32.69	1424.67	1420.58	1419.76	1151.27
61 FINANCIAL GROUP (92)	844.77	-0.2	-	5.52	-	27.93	846.06	844.11	844.33	691.75
62 Banks (9)	988.17	-0.2	4.31	5.40	43.50	36.83	990.15	987.40	985.74	750.363
65 Insurance (Life) (7)	1600.89	-1.1	-	5.18	-	42.61	1617.92	1616.70	1632.53	1294.81
66 Insurance (Composite) (6)	674.85	-0.6	-	6.53	-	25.81	678.82	677.38	675.46	571.95
67 Insurance (Brokers) (9)	1135.99	+0.4	7.21	5.95	18.15	35.66	1131.11	1132.23	1142.23	837.49
68 Merchant Banks (7)	453.88	+0.5	-	4.62	-	12.16	451.78	449.63	449.02	373.46
69 Property (36)	958.49	+0.6	5.97	4.86	23.09	22.40	952.31	950.93	950.64	916.20
70 Other Financial (18)	271.30	+0.9	10.58	6.70	11.88	8.67	268.91	266.91	265.75	254.45
71 Investment Trusts (69)	1254.27	-0.6	-	3.44	-	24.33	1261.80	1260.00	1257.97	1059.14
99 ALL-SHARE INDEX (661)	1278.85	-0.4	-	4.61	-	31.08	1284.07	1280.53	1279.89	1040.59

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Sep 6	Sep 5	Sep 4	Sep 3	Sep 2	Year ago
FT-SE 100 SHARE INDEX♦	2653.2	-14.2	2667.1	2648.6	2667.4	2663.3	2664.6	2669.0	2679.6	2147.0

FIXED INTEREST

PRICE INDICES	Mon Sep 9	Day's change %	Fri Sep 6	Accrued interest	xd adj. 1991 to date
British Government					
1 Up to 5 years (28)	122.48	+0.19	122.56	2.02	8.23
2 5-15 years (27)	135.08	+0.44	134.50	2.10	9.52
3 Over 15 years (9)	141.77	+0.49	141.08	0.28	10.60
4 Irredeemables (6)	158.40	+0.69	157.32	2.56	8.83
5 All stocks (70)	133.26	+0.36	132.89	1.95	9.28
Index-Linked					
6 Up to 5 years (1)	163.72	+0.13	163.50	1.10	2.72
7 Over 5 years (10)	148.44	+0.35	148.20	0.41	3.42
8 All stocks (11)	149.46	+0.34	149.22	0.43	3.40
9 Debs & Loans (58)	113.13	+0.11	113.01	2.35	7.35

AVERAGE GROSS REDEMPTION YIELDS		Mon Sep 9	Fri Sep 6	Year ago (approx.)
British Government				
1 Low	5 years	8.57	8.65	11.06
2 Coupons	15 years	9.47	9.53	11.06
3 (0%-7¾%)	20 years	9.47	9.53	11.06
4 Medium	5 years	9.66	9.75	12.11
5 Coupons	15 years	9.64	9.70	11.59
6 (8%-10¾%)	20 years	9.62	9.67	11.31
7 High	5 years	9.85	9.94	12.21
8 Coupons	15 years	9.73	9.80	11.86
9 (11%-)	20 years	9.67	9.73	11.62
10 Irredeemables	†	9.69	9.76	11.18
Index-Linked				
11 Inflation rate 5%	Up to 5yrs.	3.74	3.79	4.64
12 Inflation rate 5%	Over 5 yrs.	4.20	4.23	4.32
13 Inflation rate 10%	Up to 5yrs.	2.81	2.85	3.53
14 Inflation rate 10%	Over 5 yrs.	4.02	4.04	4.15
15 Debs &	5 years	11.46	11.44	13.93
16 Loans	15 years	11.22	11.21	13.10
17	25 years	11.05	11.05	12.83

♦Opening Index 2665.4; 9 am 2665.4; 10 am 2653.2; 11 am 2652.1; Noon 2648.7; 1 pm 2650.6; 2 pm 2650.9; 2.30 pm 2651.3; 3 pm 2650.0; 4.10 pm 2653.5; (a) 8.41am (b) 11.22am † Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, Ibex House, 42-47 Minories, London EC3N 1DY. Tel: 071-702 0991.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	76	1	6
Corporations, Dominion and Foreign Bonds	8	0	12
Industrials	300	273	931
Financial and Properties	106	130	518
Oils	9	20	59
Plantations	0	0	10
Mines	23	45	86
Others	12	78	50
Totals	534	547	1,672

LONDON RECENT ISSUES

EQUITIES

[illegible]											

FIXED INTEREST STOCKS

[illegible]							

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1991 High	1991 Low	Stock	Closing Price p	+ or -
50	Nil	-	16pm	1¼pm	♦Applied Holographics 5p	1¼pm	
10	Nil	-	2½pm	1½pm	Benson Group 2.5p	2½pm	+1
225	Nil	-	27pm	4pm	Capital & Counties	5pm	-3
31	Nil	-	5pm	3pm	Kleen-E-Ze	3pm	
25	Nil	-	3pm	¼pm	Mayflower Corp. 5p	1pm	+¼
20	Nil	-	3pm	2pm	♦Pelican 20p	2pm	
39	Nil	-	13pm	4pm	Try Group 10p	13pm	+2

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1990-91. H Dividend and yield based on prospectus or other official estimates for 1991. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ♦ Offered to holders of ordinary shares as a "rights". † Introduction. § Placing price. †† Reintroduction. ♣ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

- First Dealings Sept. 9
- Last Dealings Sept. 20
- Last Declarations Dec. 5
- For settlement Dec. 16

For rate indications see end of London Share Service

Calls in **Airtours, Burton, Carlton Comms., Evode, Greycoat, Tuskar Res.** and **Yorkshire TV.** Puts in **Brent Walker** and **Thames TV.** Put and call in **Burton.**

LONDON TRADED OPTIONS

[illegible]							

September 9 Total Contracts 15,270
Calls 7,361 Puts 7,909
FT-SE Index Calls 996 Puts 4,715
Euro FT-SE Calls 406 Puts 5
*Underlying security price. † Long dated expiry months. Premiums shown are based on middle prices.

UK COMPANY NEWS

Acquisitions boost Perkins Foods

By Bronwen Maddox

PERKINS FOODS, the acquisitive food manufacturer and distributor, lifted pre-tax profits by 47 per cent to £10.5m in the six months to end-June, on the back of strong growth in continental Europe and acquisitions in 1990.

The profits, 70 per cent from the Netherlands and 85 per cent from continental Europe overall, were achieved on a 31 per cent rise in turnover to £123.7m (£94.2m). Excluding acquisitions and a £250,000 currency translation cost, operating profits rose by 12 per cent.

Three meat and pancake acquisitions late in 1990 for an initial consideration totalling £20m, helped frozen food operating profits double to £4.7m (£2.3m) and pushed margins to 15.2 per cent (11.8 per cent).

Chilled foods profits were boosted to £1.5m (£300,000) by last year's purchase of Bakker, the Dutch food manufacturer, for £15m and by the increasing popularity of prepared meals.

New supply contracts with the New Zealand and South African marketing boards helped push turnover in fruit and vegetables up by 14 per cent to £59.7m, strengthening market position, according to Mr Howard Phillips, chief executive. However, profits rose by only 7 per cent to £3.5m.

Despite continuing competition, new German and Scandinavian customers enabled a 7 per cent rise in mushroom profits.

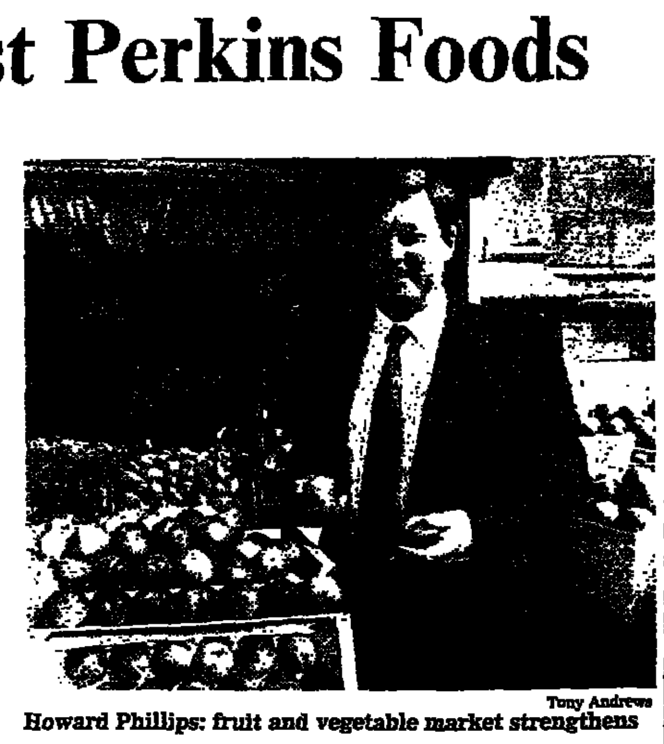
The group has no net debt. Hedging continental profits with continental debt yielded £1.3m (£1.1m) in interest received on sterling cash balances.

Earnings per share rose to 5.4p (4.4p) basic or 5.1p (4.1p) fully diluted and the interim dividend is increased to 1.7p (1.5p).

Mr Phillips said that the UK remained dull but that continental demand should maintain strong growth in the main products.

● **COMMENT**

A rare six months without acquisitions gives a better chance to judge last year's deals. The management target of rapid earnings enhancement seems to have been met, and Perkins has clearly found another goldmine on the continent in Peppino's Pizza, reinforcing the star frozen foods division. Fruit and vegetables look like the only significant risk. Can they continue their astonishing growth, particularly now that the earn-out incentives for the small management team have ended? The question facing any high margin business is whether it has a niche which can grow and be defended against competition. Perkins' past success in expanding from the Netherlands to Germany must be some comfort, and so must the apparently pan-European taste for pizzas and schnitzels. If taxable profits rise to £25m for the year, fully diluted earnings of 12p put it on a p/e of 14, falling to 12.7 in 1992. Hardly cheap, but compared with the uncertainty of UK recovery stories, a picture of continued strong European growth may look attractive.



Tony Andrews

Howard Phillips: fruit and vegetable market strengthens

Bass passes halfway in pub disposal programme

By Peggy Hollinger

BASS yesterday announced the sale of 372 Midlands-based pubs, pushing the UK brewing and hotels group past the halfway stage in the restructuring of its estate to comply with government requirements.

The sale marks the largest purchase by an independent non-brewer since the Monopolies and Mergers Commission required the leading UK brewers to begin reducing their pub estates in the autumn of 1989.

Enterprise Inns, a newly-formed company headed by former Courage managing director and chairman of Taunton Cider, Mr Michael Cottrell, is believed to have paid in the region of £56m to £60m in cash for the pubs. Enterprise has also signed a separate five-year supply agreement with Bass. The deal will create a regional retailer about half the size of Wolverhampton and Dudley, which has a turnover of £170m, said one analyst.

Since July 1989, Bass has sold more than 1,430 of its 7,300 pubs to raise £240m. About 1,250 of these were sold in the current financial year for a gain of more than £205m. Analysts estimate that about between £20m and £30m of this will be taken above the line in this year's results, with the balance recorded as an extraordinary item.

Mr Bob Cartwright, Bass public relations director, said yesterday that the company was very pleased with the price it had received for the pubs. The disposal programme was well and truly on target, he said, with the terms already agreed on the sale of 400 more pubs.

The deal will leave Bass with about 2,000 pubs in the Midlands. Bass aims to reduce its estate to 4,580 pubs by the government deadline of October 31, 1992.

The deal was financed through a combination of equity, mezzanine, and debt, although the proportions were not revealed. ANZ arranged the financing, while County NatWest Ventures is leading an institutional equity syndicate and has put together the mezzanine funds.

Scruttons advances 21% to £1.1m

Scruttons, which operates shipping, port, engineering and other service businesses, raised pre-tax profits by 21 per cent from £874,000 to £1.06m.

Mr Richard Gardiner-Hill, chairman, said the second half had started well and full year profits were expected to maintain the improvement.

Shipping and port services increased profits to £790,000 (£465,000) after a strong performance by Belfast Freight Ferries, but very tough conditions in the engineering services division reduced profits from £402,000 to £236,000.

Turnover was little changed at £11.4m (£11.6m), while earnings per share rose from 13.2p to 16p. The interim dividend is increased to 7.5p (6p) and a final of 10.5p is forecast.

The company's shares are traded on a matched bargain basis on the market made by Granville.

Fairey static at 'excellent' £7m

By Roland Rudd

A "GOOD performance" from the electronics and electrical power division helped Fairey Group, the diversified engineering company, broadly maintain taxable profits despite difficult trading conditions.

Pre-tax profits for the six months to June 30 amounted to £7.07m (£7.19m) on turnover of £43.2m (£43.1m).

At the operating level, profits worked through at £6.24m (£6.44m).

Mr Derek Kingsbury, chairman and chief executive, said that, considering the adverse impact of the recession, the overall performance was "excellent".

He added that he was confident of continuing to produce results well above the average for the sector.

His optimism was underlined by the decision to increase the interim dividend by 9 per cent to 3p (2.75p). Mr Kingsbury said he was confident of keeping his promise to investors to increase the dividend each year.

Electronics and electrical power produced increased profits of £3.68m (£3.38m) buoyed by strong margins in its insulator and US Red Lion business.

While the aerospace and defence division produced static profits of £1.05m (£1.01m), filtration and specialised ceramics reported a reduced contribution of £1.51m (£2.05m).

The group has net cash of £9.8m. The relocation of the group's business to Avon, Staffordshire and the Netherlands will not affect the cash balance.

The move, prompted by the government's decision last year to cancel the eighth batch of Tornado aircraft – thereby affecting the aerospace business – is being funded by the sale of the group's property in Heston, west London, for £9m.

Earnings per share fell from 13.7p to 13.3p.

● **COMMENT**

Given the problems facing the engineering industry, static profits should be considered in a favourable light. Fairey's cash balance puts the group in a good position to take advantage of the eventual upturn in the economy. Mr Kingsbury believes the group will be well placed to make a further acquisition next year on the scale of LaserMike in the US, which was recently bought for $11.5m (£6.68m). The City expects full-year taxable profits of about £14m – the same as last year. That puts the shares, which yesterday rose 4p to close at 313p, on a multiple of 12, reflecting the company's ability to make good profits in difficult times.

Bad debts leave Manders 20% lower

By Paul Cheeseright, Midlands Correspondent

BAD DEBTS hit Manders (Holdings), the Wolverhampton-based printing inks, paints, industrial coatings, household decorative products and property group, during the first half of 1991, contributing to a 20 per cent decline in pre-tax profits.

The pre-tax outcome of £2.44m compared with £3.04m in the same period of 1990. Earnings per share slipped to 5.26p against 6.5p. The interim dividend is held at 2p.

The largest element in the profits reduction was a bad debt of £380,000. The money, for printing ink, is owed by a company caught up in the collapse of International Leisure Group and has been written-off. But recession has left its mark in other ways.

Nationally there has been a fall of 12 per cent in the printing inks business, but Mr Roy Amos, chairman, said the company had increased its market share and did not suffer a reduction of business to that extent. However, the depression in the building industry and the downturn in the transport industry hurt sales of tiles and industrial coatings.

On the plus side, Manders' property business, concentrated on an eponymous shopping centre in Wolverhampton, saw an 8.8 per cent increase in income to £2.11m as rent reviews continued to push up income.

Falls in interest rates are beginning to work through into the figures with interest charges in the first half down to £2.14m compared with £2.31m.

Business conditions in July and August were better than in the January-June period and Mr Amos said that "the second half should be better than the first six months."

Goodhead declines to £768,000

By Peggy Hollinger

PROPERTY SALES helped cushion the fall at Goodhead Group, the printing, publishing and marketing services company. Pre-tax profits declined from £4m to £768,000 over the year to May 31.

An exceptional item of £660,000 – after losses on discontinued activities – was due to the sale and leaseback of part of the group headquarters at Bicester, Oxfordshire. An extraordinary charge of £2.5m arose from the revaluing of titles and property, and closure and redundancy costs.

Mr John Madejski, chairman, said the group had achieved its principal aims of making profits and reducing indebtedness. Debt had fallen by 21 per cent to £10m following sales of properties and businesses. Gearing was held at 69 per cent.

Goodhead had "strengthened the management team at all levels . . . and streamlined every division," he said.

Three new directors were added to the board during the year, including the announcement yesterday of Mr Paul Higgins as executive director and head of the marketing services division.

The group, which has been hard hit by recession in the advertising industry, last year embarked on a wide-ranging programme to cut overheads. Staff was reduced by 41 per cent to 604, the group withdrew from the US, and several unprofitable titles were closed. "We have cut overheads by about 25 to 30 per cent," said Mr Colin Rosser, chief executive.

The printing business continued to perform well, he said, while UK publishing – mostly free newspapers – was hardest hit.

Turnover fell by 14 per cent to £67.4m. Losses per share were 0.7p compared to earnings of 15.3p last time. The final dividend is passed (3.75p) making just 0.5p (5.5p) for the year.

Mr Madejski said the first quarter had started well and benefits of the reorganisation were beginning to show through. "I am confident that the worst is past," he said.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 10.09.91: Pool purchase price £/MWh	Final Prices for Trading on 13.09.91: Pool purchase price £/MWh	Pool selling price £/MWh
0030	16.31	15.84	15.84
0100	16.19	15.67	15.67
0130	16.19	15.55	15.55
0200	16.19	15.51	15.51
0230	16.19	15.51	15.51
0300	16.19	15.51	15.51
0330	16.19	15.51	15.51
0400	16.19	15.51	15.51
0430	16.19	15.55	15.55
0500	16.19	15.51	15.51
0530	16.10	15.55	15.55
0600	16.17	15.67	15.67
0630	16.25	15.90	15.90
0700	16.53	15.84	15.84
0730	19.97	17.18	19.45
0800	24.66	17.84	20.12
0830	30.34	18.77	21.07
0900	38.15	19.05	21.36
0930	43.44	19.85	22.19
1000	48.36	19.87	22.20
1030	47.71	19.87	22.20
1100	42.03	19.86	22.22
1130	43.06	21.05	23.46
1200	42.71	21.19	23.57
1230	38.06	21.17	23.55
1300	32.41	21.04	23.41
1330	26.27	19.05	21.35
1400	21.74	21.10	23.46
1430	20.65	21.10	23.46
1500	20.46	21.10	23.46
1530	26.72	21.10	23.46
1600	28.20	21.11	23.47
1630	32.20	21.12	23.50
1700	42.67	21.13	23.51
1730	[illegible]	[illegible]	[illegible]
1800	[illegible]	[illegible]	[illegible]
1830	[illegible]	[illegible]	[illegible]
1900	[illegible]	[illegible]	[illegible]
1930	[illegible]	[illegible]	[illegible]
2000	[illegible]	[illegible]	[illegible]
2030	[illegible]	[illegible]	[illegible]
2100	[illegible]	[illegible]	[illegible]
2130	[illegible]	[illegible]	[illegible]
2200	[illegible]	[illegible]	[illegible]
2230	[illegible]	[illegible]	[illegible]
2300	[illegible]	[illegible]	[illegible]
2330	[illegible]	[illegible]	[illegible]
2400	[illegible]	[illegible]	[illegible]

NGC Settlements Limited

Close Brothers edges ahead

By David Barchard

Close Brothers, the merchant bank, made pre-tax profits of £12.3m in the year to July 31, slightly above last year's £12.1m.

Total assets grew faster than profits, rising by 20 per cent from £330m to £395m.

During the year, the group spent £6m on acquisitions including a car finance company, a Massachusetts-based insurance premium finance company, and the setting up of Close Brothers Investment, a new subsidiary for tax-sheltered investments.

The loan portfolio grew to £239m (£166m), of which £43.5m came from acquisitions and £29.5m from existing business.

Clearbrook Trust, the second mortgage business, stopped lending in April after 15 months of loss and a £1.81m extraordinary provision was made against remaining loans.

Earnings per share were 21.1p (19.5p) and the recommended final dividend is 6p for a 8.8p (8p) total.

Linread maintains pay-out despite first-half downturn

By Paul Cheeseright, Midlands Correspondent

LINREAD, the Birmingham-based manufacturer of precision components and fasteners, is maintaining its interim dividend despite a fall in first-half pre-tax profits to less than 10 per cent of the 1990 level.

Pre-tax profits for the six months to end-June were a slender £126,000 compared with £1.67m last in the previous first half and earnings per share fell to 0.56p against 8.9p. The interim dividend is 2p.

"We are not despondent about the future of our company," said Mr Michael Hughes, chief executive, noting that an internal restructuring "is making good progress" but acknowledging that "the market in the second half will be tougher than the first half in the automotive and aero industries."

These two industries provide the majority of Linread's customers. In the first half there were trading losses in the commercial products division, which serves the automotive industry.

The group closed down North Bridge Hassall, a US company it took over in the hope of winning orders from General Electric for aero engine parts. These orders did not materialise. The operating loss of North Bridge Hassall combined with those of the commercial products division was more than £1m.

Against this background, Linread continued during the first half to deal with the problems thrown up in the 1990 second half, when a shortfall of £770,000 in the value of stock came to light. One factory is being closed, an assault is being made on costs and the workforce has been reduced from 1,125 to 885. The retrenchment so far has cost £900,000 - an extraordinary item.

With net earnings of £67,000, the cost of the interim dividend, at £243,000, and of the retrenchment, are largely having to come from reserves.

UK COMPANY NEWS

Wilson (Connolly) falls 28% despite rise in house sales

By Andrew Taylor, Construction Correspondent

THE SEVERITY of the recession in the UK housing market was again illustrated yesterday when Wilson (Connolly) Holdings, the east of England-based builder, announced a 28 per cent fall to £13.8m in pre-tax profits during the first six months of this year.

The company has one of the largest land-banks of any of the quality housebuilders. Much of this land was acquired well before prices peaked during the late 1980s.

As a result margins have held up better than most of its rivals. Net margins on house sales during the first half, although lower than last time, were still 17 per cent. The number of house sales increased from 1,087 to 1,300 – a gain approaching 20 per cent.

Even so, housing profits fell from £14.9m to £12.4m. Profits from property development fell sharply from £2.97m to just £42,000. Contracting profits, however, only eased from £1.47m to £1.34m.

Overall turnover rose slightly to £99.9m compared with £98.5m.

Earnings per share slid from 7p to 5.1p, but the interim dividend is increased from 1.21p to 1.27p.

In preparation for the next upturn in the market, the company has begun to increase its purchases of housing land. It owned 14,300 plots with planning permission at the end of June compared with 13,500 at the beginning of the year and a peak of 15,400 at the end of 1989.

Mr Ian Black, managing director, said the balance sheet remained strong. Gearing, even after allowing for deferred payment on land purchases, would be only 17 per cent, he said.

● **COMMENT**

Results from Wilson (Connolly), along with Persimmon and Wilson Bowden which announced their interims last week, are likely to be the pick of the crop of the housebuilders' results season. They have long landbanks and strong balance sheets in common, a combination which serves equally well in recession or in recovery. Wilson (Connolly) quite rightly is taking advantage of cheaper land prices to position itself for the upturn when it comes. Higher sales volume should push housing profits higher in the second half but property and contracting will remain difficult.

Full-year profits, assuming land provisions are not repeated, could be about £28m compared with £31m last time. There are cheaper housing recovery stocks around but Wilson (Connolly) is a quality stock and is worth its premium rating as a long term buy.

British Vita 11% lower as margins squeezed

By Michiyo Nakamoto

A WEAK economic climate coupled with pressure on margins saw interim profits at British Vita, the Manchester-based polymer fibre and foam group, fall 11 per cent from £27.3m to £24.2m pre-tax.

The lower outcome for the six months to June 30 came despite an 8 per cent rise in turnover to £349.8m (£324.1m).

The group suffered as a result of the adverse effects that higher raw material costs, triggered by events in the Gulf, had on margins across the board.

Meanwhile, the sluggishness of European economies, particularly the UK and Spain, took its toll. France saw a difficult first quarter for its automotive industry.

Two thirds of operations are based in continental Europe, with the balance in the UK. The pre-tax contribution from the UK fell to £7.13m (£9.03m) while that from Europe was down to £14.9m (£15.9m).

Two factories acquired in Germany and a business purchased in the Netherlands made contributions which just about covered financing costs, said Mr Rod Sellers, chief executive. A foam business acquired in the US will start contributing in the second half.

Despite these acquisitions, gearing has been maintained at the "rock solid and comfortable range" of 20 per cent, Mr Sellers said.

The interest charge, however, rose to £2.4m (£1.56m)

Earnings per share declined to 8p (9.5p) but the interim dividend is increased to 3.45p (3.3p).

● **COMMENT**

The slight downturn in profits hardly damaged enthusiasm for Vita while its achievements over the period did much to bolster its reputation of being a well-managed group. Despite its exposure to two markets that have been badly hit – furniture and vehicles – it has made three acquisitions that have not significantly eroded its gearing and maintained capital investment at near last year's level. *What's more Vita has shown* itself to be remarkably adept at taking advantage of the downturn. It instigated a price war, which forced many of its weaker UK competitors out of business and left it with a larger slice of the market. Forecasts of £50m for the full year for a multiple of 14, puts the shares on a slight premium to the market. But given the strength it has built up amid the shake-out and its exposure to two sectors with substantial room for recovery, depending on the strength and timing of a UK consumer recovery, its prospects look fairly good in the short term.

Weekend break eases debt burden

Richard Gourlay considers management's buying of Babcock Prebon

BABCOCK Prebon, which went into receivership this weekend, was a casualty of London's appalling property market as much as the demise of its main business, money broking and its high level of debt.

Too many lease obligations after an ambitious move into glitzy new premises at London's Broadgate triggered the group's collapse.

But the purchase by management of the operating companies from the receivers again raises the hoary question of whether shareholders and creditors get a fair deal in management buy-outs.

Babcock Prebon was always going to face a difficult task conjuring up a rescue after announcing in August that it was in discussion with its bankers.

It had incurred an overall loss of £30m in the 18 months to last September and a £8.5m loss in the following six months.

It was facing bills of £4m for preference dividends, £6m in interest on its £50m debt line to banks led by Samuel Montagu and it had to meet lease payments for four properties it vacated in order to move to Broadgate.

The company had hoped to persuade landlords on the vacated properties to allow the company leeway in meeting its payments. A rescue might then *still have been possible.*

However last Friday, following the failure to ease its lease payments and a further quarterly rent bill looming, the banks decided to call in Cork Gully, the receivers

Some shareholders might be tempted to view the deal that emerged at 4am on Sunday morning as rather too cozy. Mr Ian Bond, Cork Gully deputy chairman, sold all the operating companies to management led by Mr Arthur Hughes, the chief executive of both Babcock Prebon and the new as-yet-unnamed entity.

This team walks away with the operating companies virtually in tact. The crippling lease obligations and at least half the £50m debt remain for creditors to worry about.

The banks, which also include Canadian Imperial Bank of Commerce and Midland, are unlikely to be repaid all the £50m they leant, Mr Bond says. Nor are shareholders likely to see their money again.

When the shares were suspended they stood at 2¾p, capitalising the group at £6.17m, down from 167p in 1987.

Cork Gully and Babcock Prebon's new management would not reveal the price paid, although it is understood to have been in excess of £25m. Nor will Mr Hughes reveal how much finance his bankers, including Samuel Montagu, *provided in order to launch the* now private company.

It is certain though that having learnt that too much debt tears a money broking business apart, bankers would only have backed the new company if the debt was not too onerous.

Mr Bond agreed that the deal he brokered may look cozy to the outside world. "I hate selling to management," he said. "But from Friday afternoon I tested the market and decided no outsider would come in and that from Monday morning I would be left with an asset that was shrinking minute by minute."

As a people business, the assets would have walked out of the door, Mr Bond said. The company had between £5m and £10m of capital but £49m of goodwill in the balance sheet.

The receivers would also have been aware that administrators for British & Commonwealth have failed either to float or sell Exco and that the recession has caused problems for other money brokers.

Mr Patrick Keenan, an in-house corporate adviser to Babcock Prebon, also defended the hastily agreed deal. He said that 47 per cent of the shares were held by directors, ex-directors and the company's employees.

Apart from about £2m in lease obligations, the buy-out team has also taken almost all the group's obligations with it and responsibility for 1,200 *staff in eight countries and the* £70m running costs.

He also stressed that when Babcock Prebon bid for International City Holdings, a money and foreign exchange broker, in 1989, Mr Hughes, who owned 5 per cent of the company, put up £1.2m in the accompanying £20m placing. Mr Jim Babcock put up £12m, some of it through Babcock and Brown Inc, which owns 23 per cent of Babcock Prebon.

In retrospect, the ICH acquisition was the turning point for Babcock Prebon, then called York Trust.

ICH turned out to have more debt than expected and partly as a result it took six months to conclude the agreed bid.

In addition ICH had an obligation to move into Broadgate offices. Rather than buy out of the new Broadgate lease, York decided to bring together its now expanded staff and move out of its existing four buildings.

It took considerably more cash than expected to refit and move to the new offices and in the meantime the property market started to collapse.

"In retrospect it was wrong to continue with the new lease as the property market fell apart," said Mr Keenan.

As the receivers moved into gear yesterday, Babcock Prebon's bankers and shareholders no doubt thought some of *their other moves could have* been better timed.

Administrators plan for Polly to sell Sansui stake

By David Barchard

Administrators of Polly Peck International, the collapsed fruit and electronics conglomerate, meet the five-member creditors' committee today to discuss plans to sell part of Sansui Group, Polly Peck's consumer electronics manufacturing subsidiary in the Far East.

The administrators are believed to have recommended the sale of a 15 per cent stake in Sansui Group to another electronics company in exchange for an injection of fresh management and working capital.

Sansui Group is 72 per cent owned by Polly Peck.

Candover plans new fund

CANDOVER Investments, an investment trust specialising in management buy-outs, yesterday announced plans for the raising of a new fund, capitalised at between £30m and *£60m, to invest in smaller buy*-outs – those valued at less than £5m, writes Charles Batchelor.

The new fund, to which investors have already committed £23m, confirms the shift in the buy-out industry to smaller deals and is intended to replace a £30m fund established four years ago which is nearly fully invested.

The announcement of the new fund-raising accompanied Candover's interim results which showed slight rises in both profits and assets in the six months to June 30. Pre-tax profits rose to £2.17m, against £2.07m, while earnings per share increased to 6.69p (6.37p).

Mr Roger Brooke, chairman, said he expected profits for the year to exceed 1990's £3.7m. The interim dividend goes up *from 3p to 3.5p. Net assets* grew to £52m (£51.6m), while assets per share rose by 1p to 233p.

The modest increase in profits in the first half was due, paradoxically, to the level of investment activity. Buy-out investments produce little return in the early stages but mean the company has to withdraw funds from high yielding deposits and treasury bills.

Candover made four new investments in the half-year, the largest of which was the £34m buy-out of Blue Arrow Personnel Services.

Morgan Stanley stake in MGN

By Bronwen Maddox

Mirror Group Newspapers, Mr Robert Maxwell's UK newspaper group, said yesterday that Morgan Stanley, the US investment bank, had had a 7 per cent security interest in its shares for eight days in June.

According to the statement by MGN to the Stock Exchange, Morgan Stanley held a non-beneficial interest in 28m shares from June 14 to June 21, worth £30.4m at the earlier date. The registered holder was Robert Maxwell Holding Ltd, a private company within Mr Maxwell's empire.

The security interest is believed to be collateral for short term loans from Morgan Stanley to at least one company in the Maxwell portfolio.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Arcadian Intl	fin	nil	-	3	nil	4
British Vita	int	3.45	Nov 11	3.3	-	6.7
Candover Invs	int	3.5	Oct 23	3	-	8.5
Close Brothers	fin	6	Oct 17	5.4	8.8	8
Evans Halshaw	int	3.6	Oct 18	3.6	-	11.25
Fairey	int	3	Nov 15	2.75	-	8.25
Goodhead	fin	nil	-	3.75	0.5	5.5
Haynes Publish	fin	1.5	Nov 13	5.5	2.5	10
Hopkinsons	int	1.2	Nov 30	1.2	-	3.7
Inch Kenneth	int	3⚹	Oct 15	3	-	3.4
ISA Intl	int	0.414	Nov 30	0.414	-	1.288
Linread	int	2	Oct 15	2	-	5.7
Manders	int	2	Nov 11	2	-	7
Perkins Foods	int	1.7†	-	1.5	-	3.8
Scruttons	int	7.5	Oct 1	6	-‡	15
Sherwood Comp §	int	1.5	Nov 4	1.5♠	-	5.25
Suter	int	3.2☆	Nov 25	3.2	-	8.8
Wilson (Conn'y)	int	1.27	Oct 21	1.21	-	3.74

Dividends shown pence per share net except where otherwise stated. ⚹Gross. †On capital increased by rights and/or acquisition issues. §USM stock. ♠Included special dividend. ‡ Final dividend of 10.5p forecast. ‡Shares traded on matched bargain basis. ☆Carries scrip option.

New cars do little for Evans Halshaw profit

By Jane Fuller

EVANS HALSHAW, the motor trader, saw pre-tax profit fall by 27 per cent to £1.87m in the first half of 1991 as very little money was made on new cars.

Mr Geoffrey Dale, chairman, said August car sales had been good for volume, but thin on margin because the makers had offered discounts direct to customers.

He said there was little evidence of increasing activity this year, but because of pent-up demand he was confident for 1992.

Deferred spending was illustrated in yesterday's announcement from Suter, the industrial holding company, which had saved £1.5m by delaying the replacement of company cars and vans.

Evans's interim decline was from £2.56m, itself a fall from £4.2m in the first half of 1989. Worst hit were commercial vehicles and luxury cars – limiting the gains from two Mercedes-Benz and Porsche dealerships bought late last year. Profit on the speciality car side was down 40 per cent.

Turnover fell from £206.6m to £173.2m. Mr Dale said the Moprod-Supra parts distribution business sold a year ago had contributed £17m to first-half sales. The £12m obtained for it had helped reduce interest charges to £1.7m (£3.1m), improving interest cover even though trading profit fell to £3.57m (£5.66m).

On the volume car side, the Ford dealerships – comprising eight of the group's 39 – were 40 per cent down on profit. The others, including Rover, Vauxhall, Peugeot and Toyota, were comparable with the previous year.

Repairs and servicing, which accounted for 60 per cent of profit last year, moved up to 73 per cent in the first half. Used car sales were also ahead.

Net debt remained at the year-end level of £13m, gearing of about 35 per cent, all related to the contract hire fleet.

Earnings per share fell to 5.6p (7.7p). The interim dividend is maintained at 3.6p.

Chemicals division undermines Suter

By Jane Fuller

SUTER, the industrial holding company, held its interim dividend at 3.2p in spite of a 46 per cent fall in pre-tax profit from £17m to £9.2m, in the half-year to June 29.

It also forecast a final dividend of 5.6p to keep the total at 8.8p.

Trading profit fell 34 per cent to £12.4m (£18.9m). The worst performance came from chemicals, which slumped to £3.3m (£6.7m) in spite of a six-month contribution from Chemoxy International, which was only in for half the corresponding period.

Pentagon Chemicals had lost money after losing a big contract, and Mitchell Cotts fine chemicals suffered a big setback in sales. Suter said the latter had picked up strongly since June.

This left the industrial group – making motor components, refrigeration equipment and valves – as the biggest profit earner with £5.5m (£5.9m). The distribution arm of the business inched ahead to £3.3m (£3.2m).

Gearing of 79 per cent, on net debt of £41m, was slightly up on the year-end. Interest costs rose to £2.8m (£1.9m) following acquisitions for cash.

Earnings per share fell from 10.6p to 5.4p.

● **COMMENT**

If Suter were a normal company, it could have a rights issue to strengthen its balance sheet and start using its shares again to make acquisitions. The long-winded DTI inquiry seems to have shut off these routes. Indeed, when Suter did have some spare cash, one of the ways it spent it was to buy its own shares, presumably to give some support to the price, as it has also had to do via a generous dividend policy. Even after yesterday's price rise to 133p, the prospective yield is nearly 9 per cent. Whatever the professed comfort on interest cover, debt is rising this year – albeit on capital spending slightly ahead at £9.5m – and it may go up again next year as the vaunted upturn sucks in more working capital. A pre-tax profit forecast of £19m gives a prospective p/e of 12. If it were a normal company it would be worth buying; the DTI factor makes it no more than a hold.

UK COMPANY NEWS

Cabinet decision enhances creaky bed sales

Andrew Bolger on Silentnight since the split with sleeping partner Lowndes Queensway

THE BEST bed-time stories have happy endings, preferably surprising ones. Silentnight Holdings, Europe's biggest manufacturer of beds, certainly wrong-footed the market earlier this summer when it reported record annual profits of £11.5m.

The speed of last year's trading recovery seem finally to close the chapter on Silentnight's disastrous tie-up with Lowndes Queensway, the furniture and carpet retailer, which cost the beds group several million pounds in 1989.

The value of Silentnight's shares has more than doubled this year following confirmation that profits have bounced back rapidly at the family-controlled company, which is based in Lancashire.

The aim of Silentnight's link-up with the now-defunct retail chain was ambitious: by directly delivering its beds to the homes of Lowndes Queensway customers, Silentnight aimed to cut the long periods customers have to wait for goods, one of the main weaknesses of the furniture industry.

The beds group had extended its deliveries to all parts of the country when Lowndes Queensway shares were suspended in August 1989, pending refinancing. Silentnight had severed its connection before the retail group finally went under last summer, but the associated losses helped cut Silentnight's 1989 pre-tax profits from £11.1m to £7.39m.

The link with Lowndes Queensway was the brainchild of Mr Christopher Burnett, then Silentnight's chief executive. He still defends the logic of the move, and points out that Silentnight did not know anything of the retailer's financial difficulties at the time of the initial deal – and, judging by the Lowndes Queensway share price, neither did anyone else.

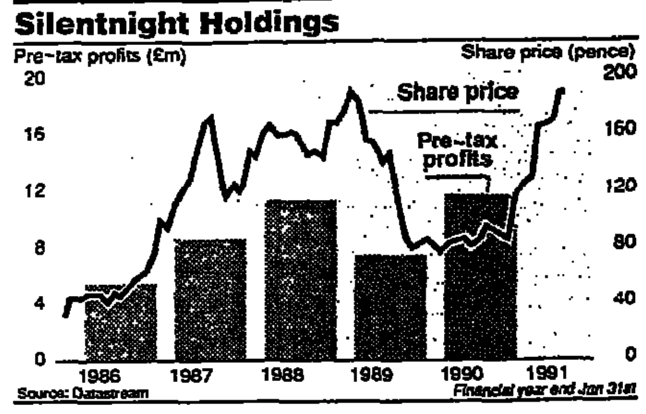
Ironically, Mr Burnett joined Silentnight in 1985, just after the company became involved in what was to become one of the longest and bitterest industrial disputes of the 1980s. After the dispute, the founder of Silentnight, Mr Tom Clarke – dubbed "Mr Wonderful" by Mrs Margaret Thatcher for his business enterprise – admitted that management had lost touch with the workforce.

Mr Burnett helped put the company's profits on to a strong growth track – until the Lowndes Queensway fiasco.

The company responded to the crisis by changing management and refocusing the business. This was achieved last year by selling the upholstery division for £9m to a management buy-out led by Mr Burnett.

Both Mr Burnett and Silentnight insist that he did not leave directly because of the Lowndes Queensway affair. Mr Burnett says that the recovery in profits was already clear when he agreed to leave last summer. Because the family did not want to make any more acquisitions, or increase borrowings, he felt there was nothing more he could do for the company in the short term.

There is no doubt, however, that the Clarke family, which owns 52 per cent of the shares, has tightened its grip on the company. Mr Bill Davies, executive chairman of Silentnight, is also chief executive of Famco, holding company for the Clarke family trust. Mr John Clarke, son of the retired founder, has returned to an executive position in charge of the beds division.



But Mr Davies insists that recent changes are part of a much more fundamental reappraisal of the group's management and strategy. All the directors responsible for operating divisions have for the first time been brought on to the main board. Mr Davies says: "It does feel like a change in management, because there has been a change in direction."

The main strategic shift has been to refocus the group on beds and cabinets. Mr Davies said the disposal of the upholstery division was in line with this, since upholstery had always yielded lower profits margins.

Silentnight claims about 35 per cent of the UK beds market, with its four brands – Sealy, Silentnight, Layezee and Perfecta – covering the market from premium to budget level. Mr Davies says there is probably not much room for volume growth in the UK, but believes there is considerable scope for increasing the group's already high profit margins. Last year the group enjoyed a return on capital employed of 35.2 per cent.

Silentnight, which is sitting on £13m cash, sees scope for margin improvement by increasing the efficiency with which it produces components, which had been manufactured separately at each plant. It has already centralised production of most of its bed springs and may rationalise the production of timber.

However, the bulk of the £10m of capital expenditure which Silentnight will invest in the current year will go on cabinets, the division which the group has identified as its best hope for growth.

Last year Homeworthy Furniture – the group's largest volume producer of cabinets, aimed at the middle market – increased its sales by a remarkable 39 per cent to £26.4m. Mr Davies says this has only been possible because of investment in more sophisticated plant.

On the acquisitions front, Silentnight might be tempted if one of the lucrative US franchises for bed manufacturing came up for sale, but only if the price is right. Such territories are restricted by licences issued by the owners of the patents to bedspring technology.

Mr Davies is also considering expanding in Europe on the bedding side, but says the management team's lack of language skills means it would have to purchase an established company.

The new-look board does not seem at all traumatised by the Lowndes Queensway experience, even although Mr Davies now accepts that Silentnight was too small to try to solve the inadequacies of the furniture industry's distribution system.

Silentnight may no longer be trying to slay such dragons single-handedly, but the new focus on squeezing more profits out of beds and investing heavily in the lucrative niche of cabinets does means that shareholders can sleep more easily.

NEWS DIGEST

Alphameric plans new cash raising

ALPHAMERIC, the maker of computer keyboard and epos systems, is planning a rights issue to complete its reorganisation and meet its target of returning to profits in 1992-93. Mr Alan Benjamin, chairman, said that about £5m was needed, writes Nigel Clark.

An announcement is expected in a few weeks. It was not known if it would be in time for the extraordinary meeting which would have to be held because net assets had fallen to less than half the called-up share capital.

The money is needed as working capital because the recession has resulted in a number of customers delaying placing orders.

The company also announced a cut in annual losses to £2.91m (£11.6m) along with the sale of FTT Alphameric to British Telecommunications for £1.85m cash.

The sale of FTT, the dealing room systems business, will complete the disposals, raising more than £2.5m.

In the year to March 31 the disposals left turnover down at £13.4m (£23.4m) for an operating loss of £1.74m (£7.34m). Losses per share were 2.9p (20p).

Mr Benjamin said that the group was broadly on line to achieve the objectives in the plan proposed when the new management took over in March last year.

Losses at Arcadian increase to £3.68m

Arcadian International, the leisure and property group which changed its name from Westminster & Country Properties at the time of its rights issue and merger with Smithfield Developments in November 1990, saw losses increase from £378,000 to £3.68m pre-tax in the year to April 30.

The loss was reduced to £2.8m (£845,000) by a tax credit of £882,000 (charge £467,000) and was struck after provisions of £1.8m against commercial properties.

The Smithfield properties were sold for £5.5m before costs; Westminster's have so far accrued £5m. Properties with a book value of £5.4m remain to be sold. Taking into account disposals made since the year-end, borrowings are down at £3.1m and gearing is 39 per cent.

Losses per share were 32.2p (9.9p) and after the passing of the interim dividend (1p), the final is also omitted (3p).

Refocused Kynoch back in the black

The restructured G&G Kynoch returned to the black for the first time since 1988, reporting profits of £460,000 for the six months to June 30.

The turnround from last time's losses of £387,000 came on turnover sharply increased to £8.33m (£2.31m) and was struck after net interest charges of £113,000 (£202,000).

The group, which is pulling out of its original textile activities to concentrate on medical equipment took a £900,000 charge below the line to write down the carrying value of its remaining textile assets.

Mr Kevin D'Silva, chief executive, said the balance sheet would strengthen by maintaining emphasis on operating margins and cash flow.

Earnings per share, on a notional tax rate, emerged at 2.4p per share.

Hopkinsons declines to just above £3m

A difficult first half for Hopkinsons Group, with trading affected by the depth of the recession, saw pre-tax profits fall from £3.31m to £3.02m. Turnover from continuing operations of this industrial valve and oil hydraulic equipment maker declined from £21.2m to £18.7m.

Mr Peter Frost, chairman, said the company had continued to reduce costs and improve efficiency levels but had yet to experience any sustained improvement in demand.

The programme of reorganisation, cost reduction and training at Bryan Donkin of Canada was progressing well, although it had some impact


Peter Frost: difficult first half for Hopkinsons

on performance in the first half.

Operating profit from continuing operations dropped to £1.72m (£2.09m), while interest and other income added £1.3m (£715,000). Earnings per share slipped from 3.68p to 3.18p, but the interim dividend is maintained at 1.2p.

Haynes breaks even in disappointing year

Haynes Publishing Group, the car and motorcycle manual publisher, "effectively broke even" in the year to May 31, according to Mr John Haynes, chairman, reporting pre-tax profits down sharply from £3.1m to £26,000.

Of the "disappointing year", Mr Haynes said, with an honesty rare in results statements: "With the benefit of hindsight, it is apparent that the board was slow to respond to the intensity and speed of the UK recession." He admitted that cost-cutting in the UK and the curtailment of the expansion into general publishing should have begun earlier.

Group turnover, however, rose by 16 per cent to £19.2m (£16.6m) but there was an exceptional debit of £957,000 relating to increased obsolescence, revision of useful asset lives, and redundancy costs. This resulted in a trading loss in the UK side of £568,000 (profit £2.09m). Net interest payable jumped to £525,000 (£193,000).

Earnings slipped to 0.1p (19.6p) per share and the recommended final dividend is cut to 1.5p (5.5p) making a reduced total of 2.5p (10p) for the year.

Mr Haynes has waived the final on his 6.25m shares.

Sherwood hit by Lloyd's worries

Worries about the health of the Lloyd's insurance market cut pre-tax profits at Sherwood Computing Services from £850,000 to £575,000 in the first six months of this year.

Operating profits improved by just over 10 per cent, from £883,000 to £974,000, on turnover little changed at £12.1m, but the company took an exceptional charge of £280,000 in view of potential losses from areas of the Lloyd's insurance market, one of the group's key markets.

Mr Richard Guy, chief executive, said the Lloyd's market had suffered from poor performance: "There is a general lack of confidence and the continuing strength of some of our traditional clients in this area is in doubt." he warned.

Earnings per share were 6.6p (9.5p) but the interim dividend is held at 1.5p reflecting strong recurring revenue streams.

Higher palm oil price lifts Inch Kenneth

Inch Kenneth Kajang Rubber, which grows oil palms in Selangor, Malaysia, reported taxable profits ahead from M$1.94m to M$2.25m (£500,000) over the six months to June 30.

Earnings per share worked through at 18.15 sen (19.15 sen). An interim dividend of 3p gross is declared.

Exceptionals put Caverdale in black

A exceptional profit of £375,000 on the realisation of assets bought out of receivership by a subsidiary enabled Caverdale Group, the industrial and motor parts distributor, to report interim pre-tax profits of £247,000 (£298,000 losses).

The group, formerly known as Rock, has also sold its Kingston Cutting Tools subsidiary, resulting in nil net bank borrowings. The deal improved the net cash position by £530,000, including the consideration of £24,000, the repayment of £425,000 inter-company debt and the elimination of KCT's overdraft.

Losses on trading activities for the six months to June 30 fell from £298,000 to £85,000 and all continuing operations were said to be trading profitably.

Turnover was £5.49m (£4.42m). Earnings per share were 1.87p (losses 2.94p). There is again no interim dividend.

Cautious outlook for UK from ISA chief

Mr John Parkinson, chairman of ISA International, the distributor of branded consumables for information processing equipment, said yesterday that he was "less than optimistic" about prospects in the UK.

"The recessionary climate and banking attitudes to smaller businesses are continuing to affect our dealers' ability to fund their requirements," he added.

The statement accompanied results for the six months to end-June which showed a 41 per cent drop in taxable profits to £1.03m (£1.75m) on turnover static at £36m (£36.3m).

The interim dividend is maintained at 0.414p, payable from earnings per share of 1.942p (3.747p).

CU faces £5m Swedish loss

By Richard Lapper and Jack Burton

COMMERCIAL UNION, the composite insurer, faces losses of up to £5m following the bankruptcy of Njord, a small Swedish insurer in which it had a 38 per cent stake.

Njord, the first Swedish insurer to go into liquidation since 1913, folded on Wednesday.

The company, which conducted a range of general insurance business, was unable to meet an insurance claim of over SKr712m (£66.5m) on a credit insurance policy which had been taken out by two Swedish lenders, the Swedish Post Office and Sparbanken Kronen.

Barkman, the property group, defaulted on the loan.

CU acquired a 9.9 per cent stake in Njord in March last year and increased its holding to 38.3 per cent six months later. However, earlier this year it decided to sell its stake.

The lenders were willing to negotiate a deal that would have saved Njord, but CU as well as two other shareholders – the Arab Insurance Group, which owned 18.1 per cent, and Trefond Invest, the wage-earner fund, refused to inject more capital.

The Swedish authorities have launched an investigation into the circumstances of the failure. It is understood that management problems were centred in the bond and guarantee department and that Njord failed to obtain reinsurance protection for obligations which were vastly in excess of its share capital of about SKr100m.

Legal action against Njord's management is likely.

COMMODITIES AND AGRICULTURE

Australian wheat harvest forecast to fall by a third

By Kevin Brown in Sydney

AUSTRALIA'S WHEAT crop will fall by a third to 10.6m tonnes this year, mainly because of drought in Queensland and northern New South Wales, the Australian Wheat Board said yesterday.

The forecast compares with production of 15.7m tonnes in 1990–91, and is the smallest since 1982, when the country produced 8.8m tonnes.

The worst hit state is Queensland, where the crop is likely to be only 400,000 tonnes, the smallest for 21 years.

Mr John Lawrenson, the wheat board's managing director, said there were prospects of recovery in western New South Wales if rain falls in the near future. However, the remaining crop is threatened by kangaroos driven off drought stricken pastoral land.

Mr Lawrenson said only Western Australia was free of serious growing problems. Production should reach 4.7m tonnes, nearly half the national total.

The crop shortfall has raised fears among wheat growers that Australia could lose its reputation as a reliable supplier of high quality wheat. However, Mr Lawrenson said the board would concentrate on serving long-term customers who might otherwise turn to other suppliers.

The lower crop forecast follows complaints by Australian farmers that world wheat prices are being driven down by unfair marketing of subsidised wheat by the US and the European Community.

Australia has protested to the US about several sales of subsidised wheat to what it regards as its traditional markets in China, Kuwait and Yemen. The Yemeni sale took place in spite of a US promise to avoid disrupting traditional Australian markets.

Australian farmers claim sales under the US Export Enhancement Program, will cost them up to A$1bn (£460m) in lost sales this year, and could have severe long term effects on Australia's global market share.

So far, the government has rejected calls for retaliatory action, such as the closure of US military bases. The US argues that EEP sales are intended to force the EC to reduce export subsidies.

Norwegian oil tax changes 'will hit new developments'

By Karen Fossli in Oslo

NEW NORWEGIAN field developments stand to lose out under new petroleum tax reform proposals recently presented by the Government, according to a study undertaken by Edinburgh-based County NatWest WoodMac. The study also says that the reforms will give no specific encouragement to exploration for and development of small oil and gas field prospects.

Norwegian authorities hope to submit petroleum taxation reform together with the general tax reform proposal to the Storting, Norway's parliament, in October. The aim is to implement the reform from January 1, 1992.

Their goal is to simplify the petroleum taxation regime, through the abolition of royalty, production allowance and "uplift" (allowances against tax) and a dividend reduction, without causing an impact on government revenue over the next five years.

"However, the proposals will clearly benefit some companies at the expense of others," believes CNWM. Government revenues are expected to be maintained in the face of a reduction in corporation tax to 28 per cent from 50.8 per cent and a loss of income from royalty payments, it says. This is to be achieved partly through a reduction in allowances and partly through an increase in the special petroleum tax to between 48 per cent and 50 per cent from 30 per cent.

Companies with interests in mature field developments like Ekofisk, Statfjord, Gullfaks and Oseberg – Norway's main crude oil producers – will benefit under the new regime.

CNWM calculates that the remaining value of the Ekofisk field will increase by more than 10 per cent while companies with interests in fields developed under current legislation will have their remaining values reduced significantly.

For the Troll East development the remaining value will be reduced by NKr5bn (£430m), or 35 per cent, it calculates.

The Edinburgh-based analyst concludes that the tax proposals will be vigorously contested by partners in new developments, which could mean across-the-board rejection by all oil companies because Norway's licensing agreements comprise several companies.

However, for Norway's oil-dependent economy, the consideration will have to centre on maintaining investments so as to maintain the level of crude oil production, currently above 2m barrels a day, so as continue the flow of funds to state coffers which finance the cradle-to-grave welfare state.

Cut in manganese demand predicted

By Kenneth Gooding, Mining Correspondent

DEMAND FOR manganese, used mainly in steel production, will fall during the 1990s and the most substantial drop will be in eastern Europe and the Soviet Union, suggests the Roskill Information Services consultancy group. This region at present has the highest level of unit consumption at 12 kg of manganese for every tonne of steel produced, Roskill points out in a report.

The eastern European steel industry in the 1990s is expected to reduce production capacity to two-thirds of the 1980s level, it says, while efficiency improvements should increase the manganese yield from 60 to 90 per cent.

Roskill says world production of manganese ore was about 23.87m tonnes last year, a slight fall from the 23.93m tonnes in 1989. The Soviet Union is the biggest producer (8.8m tonnes in 1990), followed by South Africa (3.8m tonnes), China (2.7m tonnes) and Gabon (2.5m tonnes). Reserves of high-grade metallurgical manganese ore are restricted to South Africa, which has about 80 per cent of the total, Gabon, Australia and Brazil. Roskill suggests reserves of high grade ore in the Soviet Union are depleted and that the country is now a net importer.

The main South African suppliers, Samancor and Assomang, were unaffected by sanctions because manganese was classified as a strategic metal but demand for manganese in South Africa should increase as sanctions against steel exports are lifted, Roskill suggests.

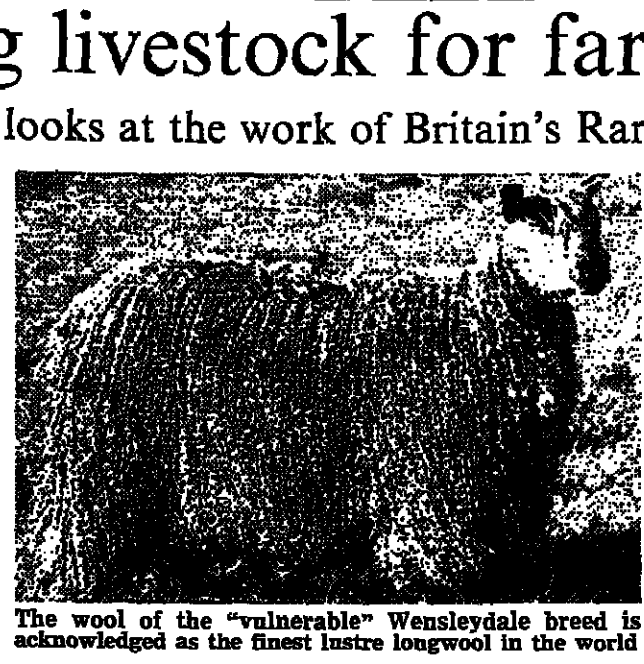
"The Economics of Manganese 1991" £775 or US$1,705 from Roskill, 2 Clapham Road, London SW9 0JA, England.

Breeding livestock for farming posterity

David Blackwell looks at the work of Britain's Rare Breeds Survival Trust

THE EQUILIBRIUM OF Lord Emsworth – "happy as only a fluffy minded man with excellent health and a large income could be" – would have been very much disturbed by the knowledge that the Empress of Blandings, his prize sow, was a member of an endangered species.

The Empress, Wodehouse fans should recall, was a Berkshire pig, a breed that is on the critical list of the Rare Breeds Survival Trust. A latter-day Lord Emsworth would undoubtedly have been among the founder members of the trust in 1973. It is dedicated to preventing pigs like the Empress and other farm animals from becoming just a folk memory.



The wool of the "vulnerable" Wensleydale breed is acknowledged as the finest lustre longwool in the world

Sadly, the threat of Blue Ear disease kept all pigs away from the trust's annual show last Friday and Saturday at the National Agricultural Centre at Stoneleigh. Blue Ear disease, a highly contagious viral infection that causes sows to abort, would be disastrous for varieties whose total breeding population can be as few as 150. So the trust had no hesitation in sticking this year to 28 breeds of rare and endangered cattle and sheep, as well as poultry and water fowl.

In the 10 years before the trust was founded, 10 nationally-known breeds of British farm animal became extinct, according to Sir Richard Cooper, the chairman. These included the Cumberland pig (there are now no hairy pigs in the UK) and the Norfolk horn sheep.

The latter can take the credit for the trust's formation. The Royal Agricultural Society, the London Zoological Society and the Cotswold Farm Park had 12 females and only one ram, who chose not to do his duty. "So all those highly respected people had egg on their faces," said Sir Richard. "The breed died out with them watching."

While there is still a Norfolk horn flock, it is is only 80 to 90 per cent pure and remains on the trust's critical list with less than 300 breeding ewes. But since the trust started its work, no breeds have become extinct in the UK.

Sir Richard believes there are two sides to the trust's work. One is the conservation of the genetic material from which all modern farm animals are derived, the second is the sheer enjoyment in the variety of animals.

The trust now has 10,000 members, 12 employees, and an annual income of £400,000 from subscriptions, donations and sponsorship, and investments. There is no such thing as a typical member, according to Mr Lawrence Alderson, the trust's new executive director.

"They range from the person who keeps a few as a hobby to the commercial farmer to scientists and academics," he said. "We could be advising on the setting up of an experiment or the keeping of a couple animals in an orchard."

While there is no doubt that part of its success can be attributed to the rural tradition of county shows and plain British eccentricity, the movement is now becoming international.

Both Sir Richard and Mr Alderson returned last month from the first meeting of Rare Breeds International in Budapest. Mr Alderson sees an increasing role for the trust globally, both in genetic conservation and in political lobbying.

He cites a European Community directive that would place severe restrictions on the use of bovine semen collected before 1990. "A large part of our work is based on semen put away for long-term storage," he said. "Through action we can get some influence on the application of such legislation."

The trust can be seen as a bulwark against the threat of a standard Europig, Eurosheep and Eurocow. Mr Alastair Dymond, the trust field director, is concerned at the rate of closure of local abattoirs because of tightening EC regulations on meat hygiene.

The number of abattoirs in the UK has halved in the last 10 years to less than 1,000, and is expected to halve again in the next 10 years, he said. Rare breed animals are by definition slaughtered in very small quantities, sometimes only one at a time. "The large abattoirs cannot guarantee you actually get your animal carcass back," he said.

The same problem of tiny quantities adds to the difficulty of marketing the meat – supermarkets are not interested. However, rare breed fans are fervent in their praise for the meat they produce.

Mr Zed Zorichak, a smallholder from Llanybydder, Dyfed, keeps Leicester Longwool sheep, selling the fleece to hand spinners. "But we keep the meat from 18-month to two-year-olds," he said. "A chop is like a T-bone steak, a leg does 10 or 12 people, and the flavour of the mutton is quite incredible."

Mr Dymond believes the opportunity to market such meat to butchers and delicatessens is high – "but it has to be slaughtered and sold locally".

The highest prices paid this year for a bull and a ram were 3,200 guineas for a Gloucester and 500 guineas for a Hebridean, but some cattle could be bought for £400 and sheep for as little as £5.

"At the top end of the pedigree range we get breeder buying from breeder," said Mr Dymond. "But very much is new buying. That's why the show is so important as a facility – you get the man from Orkney selling to the man from Cornwall. Without this facility there would be no intermix of genetics."

Meanwhile, the absence of pigs kept attendance at the show down to about 6,000, compared with 10,000 last year, which goes to show that Lord Emsworth is not alone in being potty about pigs.

Caribbean fears remain about EC banana sales

Germany and Benelux are holding out on post-1992 access, writes **Canute James**

CARIBBEAN BANANA producers are reporting some success in efforts to protect their access to the European Community after the creation of a single market at the end of next year.

Following a diplomatic offensive which has seen intensive lobbying in several EC capitals, government leaders say there is general sympathy with their position that the region's banana industry cannot survive unless it receives some form of protection on the European market.

They say, however, that they have not yet managed to get any comfort from their meetings with German officials and those of the Benelux countries. Unless the Germans soften their position, say representatives of the industry in the region, the Caribbean producers will continue to be uneasy about the future of their industry.

"We have always had the support of the British and we are getting support from the French," said Mr John Compton, the prime minister of St Lucia, the leading producer in the Windward Islands.

"Both of these have said that our interests will not be sacrificed. We have had some show of support from Spain. But there are others who are harder to address, such as Germany and the Benelux countries. But I believe they will eventually come around because there is growing sympathy for our position from the majority of the EC states."

The industry in the Commonwealth Caribbean countries has been supported by preferential access to the British market. This has allowed the industry in the Windward Islands (St Lucia, Dominica, St Vincent and Grenada) to prosper, although the hilly terrain, small-scale production and labour rates make production costs about 30 per cent higher than those of Latin American banana producers.

The other Commonwealth Caribbean producers (Jamaica and Belize) have lower production costs but would still not fare well in open competition with Latin American fruit. Open competition on a deregulated European market would damage an industry that employs 15 per cent of Dominica's work force and accounts for 60 per cent of the island's foreign earnings.

The Caribbean producers have been encouraged by an undertaking given by the EC that traditional banana suppliers from the African, Caribbean and Pacific group of countries will be no worse off after the creation of a single market next year.

The producers are hoping that there will be acceptance by all EC states of ACP proposals for a quota on banana imports from other sources. They have proposed that this quota be agreed jointly by the ACP states and the EC, based on the requirement of the EC market after ACP supplies have been determined.

Miss Eugenia Charles, the prime minister of Dominica, shares Mr Compton's optimism that the region will have some form of preferential access to the EC after the creation of the single market. Based on the EC's undertaking, she said, there will be some method of organising the market to guarantee earnings for the region's producers.

But like Mr Compton, Miss Charles has found the Germans to be the hardest to convince. "The Germans, who are the biggest buyers of bananas, do not want high prices for the fruit on their domestic market," Miss Charles said. "They appear inclined to purchase cheaper Latin American bananas. My message to the Germans is that they are asking the impossible in wanting cheaper fruit. The German housewife will have to pay more for her bananas."

While asking for some form of market protection, the Caribbean producers are trying to improve their industry to make it more competitive. Mr Compton admitted that whatever agreement was reached between the EC and the ACP much more would need to be done in the region to make its bananas more competitive.

"We have to become efficient and we have to improve our productivity and the quality of the fruit we produce," the prime minister said.

Miss Charles has concluded, however, that getting conservative farmers to make wholesale changes to old agricultural habits will not be easy. While some countries are attempting to get farmers to look at other crops, there is little credibility now in earlier suggestions that bananas be abandoned.

Farmers are also unlikely to forsake an industry which has been very profitable for them, despite the fact that this profitability has been underwritten by market preferences that are now threatened.

The four Windward Islands have traditionally accounted for two out of every three bananas eaten in Britain and would suffer severe economic dislocation were they to lose market share in a deregulated Europe. Earnings from banana exports to Britain bring in about US$190m per year for the four islands, providing the basis for continuing economic growth and the region's most stable currency.

WORLD COMMODITIES PRICES

MARKET REPORT

Firmer trends in New York when markets opened helped to boost the London bullion market yesterday afternoon. Both gold and platinum moved above $350 a troy ounce, while silver climbed well above 400 cents. On the LME copper closed down in sterling but ahead in dollars. Dealers said the market continued to be underpinned by recent technical tightness, notably for the September delivery date. Short-covering and demand for cash metal in the morning was supportive, they added. Concern over current civil unrest in Zaire was also cited, although some said this was only a background factor. Traders are unsure about today's LME stock figures, although some expect the recent run of increases to be broken by a decline of between 1,000 and 2,000 tonnes. Aluminium prices eased after a morning rally on speculative buying and short-covering which pushed three-month metal towards $1,300 a tonne. But despite the lower dollar, consumer interest remained small and the market was then hit by a large selling order from one quarter. Some said the selling was fund liquidation, while others thought it could be hedge selling. It nevertheless killed the developing rally.

Compiled from Reuters

London Markets

SPOT MARKETS		
Crude oil (per barrel FOB)		+ or -
Dubai	$16.95-7.05q	-0.15
Brent Blend (dated)	$19.80-9.85z	-.325
Brent Blend (Oct)	$19.85-9.90	-0.30
W.T.I. (1 pm est)	$21.35-1.40z	-0.40
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$245-247	-1
Gas Oil	$190-191	-2.5
Heavy Fuel Oil	$69-71	
Naphtha	$208-212	-3
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♣	$351.45	+2.85
Silver (per troy oz)♣	406.5c	+9.5
Platinum (per troy oz)	$348.5	+7.5
Palladium (per troy oz)	$82.50	+1.25
Copper (US Producer)	110.2c	+2.0
Lead (US Producer)	36.4c	
Tin (Kuala Lumpur market)	14.90r	-0.25
Tin (New York)	258.5c	
Zinc (US Prime Western)	62.0	
Cattle (live weight)†	104.23p	-2.03*
Sheep (dead weight)†	110.90	-9.09*
Pigs (live weight)†	88.58p	+3.70*
London daily sugar (raw)	$239.0q	+2.0
London daily sugar (white)	$291.0q	-1.0
Tate and Lyle export price	£247.5	-1.0
Barley (English feed)	£111.5x	-1.0
Maize (US No. 3 yellow)	£179	
Wheat (US Dark Northern)	£97.0	
Rubber (Oct)♥	51.50p	-0.25
Rubber (Nov)♥	52.00p	-0.25
Rubber (KL RSS No 1 Oct)	225.00	
Coconut oil (Philippines)§	$447.5]	
Palm Oil (Malaysian)§	$320.0r	
Copra (Philippines)§	$287.5]	+2.5
Soyabeans (US)	£151.5x	-4.5
Cotton "A" index	70.50c	-0.45
Wooltops (64s Super)	380p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Sep/Oct. t-Sep/Dec u-Oct/Dec x-Sep y-Aug/Sep z-Oct]-Oct/Nov. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX			($ per tonne)	
Raw	Close	Previous	High/Low	
Oct	203.00	207.00	208.60	201.00
Dec	186.00	198.80	193.00	188.00
Mar	191.00	193.80	195.00	189.00
May	191.00	195.80	192.40	
Aug	193.00	200.00	193.00	
Oct	195.00	200.00	192.00	
White	Close	Previous	High/Low	
Oct	285.5	288.9	287.5	284.5
Dec	279.5	281.1	281.0	278.5
Mar	280.1	281.8	281.5	279.4
May	279.5	279.5	279.5	277.8
Aug	278.0	278.5	278.1	277.4
Oct	259.5		259.9	259.2

Turnover: Raw 398 (698) lots of 50 tonnes. White 1578 (1277)
Paris- White (FFr per tonne): Oct 1657

CRUDE OIL – IPE			$/barrel	
	Latest	Previous	High/Low	
Oct	19.79	20.07	19.99	19.79
Nov	19.85	20.10	19.98	19.85
Dec	19.87	20.12	19.95	19.87
Jan	19.83	20.00	19.88	19.83
Feb	19.77	19.94	19.77	
Apr	19.80	19.77	19.80	
IPE Index	20.16	20.14		

Turnover 15296 (15796)

GAS OIL – IPE			$/tonne	
	Close	Previous	High/Low	
Sep	189.50	192.75	191.50	189.00
Oct	193.25	196.00	196.25	193.25
Nov	195.00	198.00	196.50	195.00
Dec	196.00	198.75	197.25	195.50
Jan	194.00	196.25	195.50	194.00
Feb	189.00	190.25	189.50	188.00
Mar	183.00	184.50	184.00	183.75
May	174.50	175.00	175.00	

Turnover 13906B (8178)lots of 100 tonnes

TEA
Landed new season's Assams met limited support except for a few quality teas, reports the Tea Brokers' Association. Medium descriptions were mostly neglected and failed to establish an effective price level. Bright liquoring East Africans realised fully firm rates and mediums remained about steady. Plainer sorts and Central African teas tended easier. There was limited competition for the small quantity of Ceylons on offer which sold at lower levels. Offshore good demand with little change in rates. Quotations: quality 150p/kg nom, medium 98p/kg, low medium 74p/kg.

COCOA – London FOX			£/tonne	
	Close	Previous	High/Low	
Sep	710	712	719	703
Dec	737	744	754	736
Mar	773	777	788	771
May	792	795	807	791
Jul	812	814	826	811
Sep	830	833	847	829
Dec	851	853	868	851
Mar	873	876	883	879
May	889	894	900	
Jul	907	911	917	906

Turnover: 4255 (8859) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Sep 6 932.36 (938.85) 10 day average for Sep 9 891.26 (893.58)

COFFEE – London FOX			£/tonne	
	Close	Previous	High/Low	
Sep	538	539	539	535
Nov	583	584	585	559
Jan	582	584	583	578
Mar	593	595	594	589

Turnover:1987 (6483) lots of 5 tonnes.
ICO indicator prices (US cents per pound) for Sep 6 : Comp. daily 67.64 (66.94) 15 day average 64.42 (64.07)

POTATOES – London FOX			£/tonne	
	Close	Previous	High/Low	
Apr	120.0	121.0	121.5	119.0

Turnover 74 (262) lots of 20 tonnes.

SOYAMEAL – London FOX			£/tonne	
	Close	Previous	High/Low	
Oct	130.50		130.50	
Dec	134.00	135.50	135.50	134.00
Feb	140.00	140.00	140.00	

Turnover 115 (35) lots of 20 tonnes.

FREIGHT – London FOX			$10/index point	
	Close	Previous	High/Low	
Sep	1607	1600	1605	1595
Oct	1710	1700	1710	1700
Jan	1718	1708	1718	1715
Apr	1725	1710	1726	1720
Jul	1495	1491	1500	1480
BFI	1547	1543	1547	

Turnover 218 (219)

GRAINS – London FOX			£/tonne	
Wheat	Close	Previous	High/Low	
Sep	114.10	114.10	114.20	114.10
Nov	116.60	116.60	116.75	116.60
Jan	120.10	120.10	120.25	120.10
Mar	123.30	123.50	123.55	123.30
May	126.50	126.40	126.50	126.40
Barley	Close	Previous	High/Low	
Sep	110.80	110.90		

Turnover: Wheat 143 (336), Barley (52).
Turnover lots of 100 tonnes.

PIGS – London FOX			(Cash Settlement) p/kg	
	Close	Previous	High/Low	
Oct	101.0	100.0	100.5	
Nov	104.5	104.5	104.5	
Jan	105.0	104.0	104.5	
Feb	107.0		106.5	
Mar	109.0		109.0	108.5
Apr	110.5	110.0	110.5	
May	110.0		110.0	

Turnover: (14) lots of 3,250 kg

MGMI – London FOX					
	Close	Prev.	High	Low	Vol
Indx	139.25	138.00			
Sep	138.50	138.60	139.50	139.20	60
Oct	138.90	139.00	139.90	139.90	85
Nov	140.50	139.30	140.50	140.20	75
Dec	141.00	139.70	141.00	140.50	105
Mar	141.20		141.20	141.20	25

LONDON METAL EXCHANGE		(Prices supplied by Amalgamated Metal Trading)				
	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)						*Total daily turnover 13,188 lots*
Cash	1243-4	1258-9		1253-4		
3 months	1274-5	1288-9	1295/1274	1284-5	1277/8	98,768lots
Copper, Grade A (£ per tonne)						Total daily turnover 26,601 lots
Cash	1354-5	1368-70	1365/1354.5	1364-5		
3 months	1354-4.5	1368-9	1361.5/1354	1361-1.5	1357.5-8.5	118,426lots
Lead (£ per tonne)						Total daily turnover 1,716 lots
Cash	313-3.5	314.5-5.5		312-2.5		
3 months	325-5.5	326.5-7.0	327/324.5	324-4.5	325-6	14,641lots
Nickel ($ per tonne)						Total daily turnover 1,491 lots
Cash	7770-80	7735-45	7830/7824	7823-4		
3 months	7790-800	7760-70	7845/7775	7830-35	7825-30	15,468lots
Tin ($ per tonne)						Total daily turnover 522 lots
Cash	5560-70	5560-70	5670	5555-60		
3 months	5645-55	5645-50	5650/5620	5635-45	5650-60	6,542lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 4,944 lots
Cash	1030-2	1024-5	1029/1028	1028-8.5		
3 months	1047-8	1039-40	1055/1042	1047-8	1044-5	28,629lots

LME Closing £/$ rate:
SPOT: 1.7300 3 months: 1.7116 6 months: 1.6949 9 months: 1.6801

LONDON BULLION MARKET
(Prices supplied by N.M.Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	351.20-351.70	
Opening	350.00-350.40	
Morning fix	350.10	202.892
Afternoon fix	350.55	202.865
Day's high	352.10-352.50	
Day's low	349.90-350.30	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	5.21	6 months	4.98
2 months	5.11	12 months	4.93
3 months	5.08		

Silver fix	*p/fine oz*	*US cts equiv*
Spot	232.30	400.30
3 months	238.00	405.75
6 months	243.60	411.45
12 months	255.35	423.90

GOLD COINS
(Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	N/A	N/A
Maple leaf	N/A	N/A
New Sovereign	N/A	N/A

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Oct	Dec	Oct	Dec
1150	106	129	1	3
1250	22	52	16	24
1350	1	13	94	83
Copper (Grade A)	Calls		Puts	
2250	91	103	8	39
2350	28	52	45	86
2450	4	22	121	155
Coffee	Nov	Jan	Nov	Jan
500	54	83	1	2
550	23	43	10	12
600	4	17	41	38
Cocoa	Dec	Mar	Dec	Mar
700	61	100	34	27
725	46	84	34	35
750	36	70	39	47
Brent Crude	Nov	Dec	Nov	Dec
1950	64	86	1	28
2000	5	71	14	51
2050		42		81

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Sep	351.1	349.1	0	0
Oct	352.1	350.2	353.3	351.4
Nov	353.6	351.8	0	0
Dec	355.2	353.4	357.0	354.3
Feb	358.3	356.4	359.5	357.5
Apr	361.2	359.3	361.3	360.6
Jun	364.3	3362.4	0	0
Aug	367.5	365.6	367.0	367.0
Oct	370.6	368.7	0	0

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Oct	351.7	351.6	353.0	350.0
Jan	356.1	356.0	357.5	354.0
Apr	359.9	359.8	358.5	358.0
Jul	363.7	363.6	0	0
Oct	371.0	370.9	0	0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Sep	404.1	396.9	406.0	397.0
Oct	405.4	398.2	0	0
Nov	407.5	400.3	0	0
Dec	410.0	402.8	412.0	403.0
Jan	412.2	405.0	0	0
Mar	416.8	409.6	418.0	409.5
May	421.5	414.2	421.0	420.5
Jul	425.9	418.5	0	0
Sep	430.9	423.5	0	0
Dec	438.3	430.8	439.0	432.0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Sep	105.95	106.60	107.00	105.90
Oct	105.40	106.20	106.30	105.40
Nov	105.05	105.95	106.00	105.00
Dec	104.70	105.60	105.95	104.60
Jan	103.80	104.70	104.90	104.10
Feb	103.15	104.05	0	0
Mar	102.50	103.40	103.70	102.60
Apr	101.90	102.80	0	0
May	102.20	102.30	102.70	101.80

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Oct	21.29	21.57	21.44	21.28
Nov	21.28	21.55	21.43	21.28
Dec	21.26	21.50	21.40	21.25
Feb	21.15	21.30	21.20	21.13
Mar	21.01	21.17	21.03	21.00
Apr	20.86	21.06	20.93	20.87
May	20.85	20.97	20.85	20.84
Jun	20.78	20.89	0	0
Jul	20.68	20.81	20.70	20.68

HEATING OIL 42,000 US galls. cents/US galls				
	Latest	Previous	High/Low	
Oct	6135	6228	6195	6130
Nov	6255	6346	6305	6255
Dec	6365	6435	6420	6360
Jan	6385	6464	6425	6385
Feb	6250	6319	6290	6240
Apr	5785	5829	5805	5770
May	5640	5679	0	0
Jun	5648	5670	5725	5595
Jul	5530	5549	0	0

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Sep	1163	1168	1165	1155
Dec	1204	1205	1208	1188
Mar	1256	1253	1259	1240
May	1285	1280	1288	1268
Jul	1310	1305	0	0
Sep	1331	1326	0	0
Dec	1366	1361	1366	1350
Mar	1401	1396	0	0
May	1425	1420	0	0
Jul	1446	1441	0	0

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Sep	88.90	87.80	90.00	87.50
Dec	93.55	91.00	93.80	82.70
Mar	96.90	94.30	96.95	95.10
May	99.65	96.75	99.00	97.40
Jul	101.65	99.30	100.50	100.25
Sep	104.20	101.80	104.20	102.50
Dec	106.80	104.50	107.25	106.50

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Oct	9.00	9.20	9.22	8.97
Mar	8.70	8.85	8.77	8.67
May	8.62	8.80	8.70	8.61
Jul	8.60	8.82	8.68	8.60
Oct	8.60	8.75	8.70	8.60

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Oct	65.94	65.57	65.95	64.70
Dec	66.95	66.12	67.00	65.60
Mar	68.13	67.80	68.15	66.65
May	68.93	68.15	68.75	68.00
Jul	69.70	68.85	69.00	68.65
Oct	67.48	67.45	0	0
Dec	65.90	67.10	66.90	68.85

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Sep	119.40	118.90	119.60	119.00
Nov	118.70	118.20	119.30	118.50
Jan	118.45	117.90	119.00	118.20
Mar	119.25	118.75	119.60	118.90
May	119.95	119.70	120.20	120.00
Jul	120.60	119.70	120.80	120.40
Sep	120.60	119.70	0	0
Nov	120.60	119.70	0	0
Jan	120.60	119.70	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Sep 9	Sep 6	mnth ago	yr ago
1665.1	1669.1	1659.4	1820.2

DOW JONES (Base: Dec. 31 1974 = 100)				
	Sep 6	Sep 5	mnth ago	yr ago
Spot	117.51	116.75	118.17	129.53
Futures	123.48	122.72	121.88	133.84

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Sep	576/4	574/6	579/4	569/4
Nov	586/4	585/0	591/0	581/0
Jan	597/2	596/2	601/6	592/2
Mar	607/6	607/0	612/0	603/4
May	614/6	613/4	618/4	611/0
Jul	618/6	618/0	623/6	615/4
Aug	613/4	614/0	618/0	612/0
Sep	590/0	587/0	597/0	590/0
Nov	584/2	582/6	586/4	582/0

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Sep	20.47	20.50	20.50	20.19
Oct	20.46	20.53	20.50	20.25
Dec	20.77	20.91	20.83	20.81
Jan	20.95	21.13	20.98	20.82
Mar	21.28	21.35	21.30	21.12
May	21.45	21.60	21.56	21.43
Jul	21.68	21.85	21.80	21.68
Aug	21.75	21.95	21.80	21.75
Sep	21.67	21.85	0	0
Oct	21.67	21.85	0	0

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Sep	189.1	187.2	190.4	186.0
Oct	186.8	185.4	188.5	184.2
Dec	185.3	184.8	187.5	183.2
Jan	184.4	183.7	186.4	182.8
Mar	183.0	183.0	185.3	182.0
May	181.5	181.2	183.5	181.5
Jul	180.5	181.0	183.3	180.5
Aug	182.0	180.5	182.0	182.0
Sep	182.0	180.5	182.0	182.0

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Sep	244/6	245/0	246/6	243/4
Dec	250/2	251/0	252/4	249/4
Mar	258/2	258/2	260/2	257/0
May	262/6	263/2	264/4	262/0
Jul	265/6	265/6	266/4	264/4
Sep	252/2	253/0	254/0	252/0
Dec	249/2	250/2	250/4	248/6

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Sep	315/2	313/0	316/0	312/0
Dec	322/2	321/6	323/4	319/2
Mar	324/6	324/4	326/0	322/0
May	319/4	319/4	320/4	318/0
Jul	306/6	306/0	307/4	305/0
Sep	313/6	313/4	313/6	313/0

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Oct	71.77	72.12	72.15	71.60
Dec	74.67	74.77	74.80	74.42
Feb	72.70	72.80	72.90	72.55
Apr	73.36	73.42	73.52	73.30
Jun	71.25	71.35	71.30	71.02
Aug	69.55	69.70	0	69.50

LIVE HOGS 30,000 lb; cents/lbs				
	Close	Previous	High/Low	
Oct	45.30	45.30	45.50	44.90
Dec	45.02	45.05	45.25	44.80
Feb	44.32	44.42	44.65	44.20
Apr	42.60	42.55	42.75	42.45
Jun	46.72	46.65	46.72	46.55
Jul	46.85	46.67	46.85	0
Aug	45.27	45.22	45.27	0

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Feb	49.80	49.10	49.90	49.10
Mar	49.60	48.87	49.70	48.90
May	50.45	49.80	50.60	49.65
Jul	50.30	49.55	50.45	49.60
Aug	48.00	47.20	48.35	47.25

GILT-EDGED GIFTS FROM THE FINANCIAL TIMES

LONDON STOCK EXCHANGE

Currency factors depress blue chips

By Terry Byland, UK Stock Market Editor

ADVERSE currency factors, together with a profits warning from British Aerospace and fears that this company will hit the market with a substantial rights issue later this week, yesterday depressed a UK stock market already unsettled by political uncertainties. Weakness in the US currency brought falls across the broad range of the blue chip dollar-earning stocks, and this, in turn, took its toll of the FT-SE Index.

Account Dealing Dates		
*First Dealings:		
Sep 2	Sep 16	Sep 30
Option Declarations:		
Sep 12	Sep 26	Oct 10
Last Dealings:		
Sep 13	Sep 27	Oct 11
Account Day:		
Sep 23	Oct 7	Oct 21

*New-time dealings may take place from 8.30 am two business days earlier.

Uncertainty over the timing of the next general election in the UK persisted, as the parliamentary opposition parties called for an early election and Mr John Major, the UK prime minister, said yesterday he was in no hurry. The market's political sensitivities overshadowed any benefits from an optimistic report on business confidence from the Institute of Directors.

The chief talking point was the warning from the boardroom of British Aerospace that its 1991 profits would be significantly lower than estimates published in the UK weekend press. With the market, and the UK press, also suggesting that BAe might include a heavy rights issue call in its interim report, due tomorrow, BAe shares fell sharply, and helped to discourage equities.

Nor was the mood helped by the temporary suspension of shares in Babcock Prebon, the London-based international money broker.

However, trading volume across the broad range of the market was modest. The day's fall of 14.2 to 2,653.2 on the FT-SE Index reflected turnover of only 345.8m shares, compared with 504.6m on Friday.

Some retail stocks edged higher in the second half of the session, responding to the disclosure of revised UK retail sales for July, to show a gain of 0.7 per cent compared with the originally estimated rise of 0.3 per cent, and providing fresh evidence that the recession in the UK may be slackening.

A few speculative issues, notably Cadbury Schweppes, found buyers, and Reed International, the paper and packaging group, provided a firm feature. But the shadow of the dollar lay across such international names as ICI, Glaxo and Reuters, while the leading oil issues ended the session a few pence off.

Some of the selling of the international leaders was blamed on a Japanese securities house which last week advised clients to "sell the market". Other securities houses have also suggested that, with base rates likely to fall by no more than another half-point in the near term, the UK stock market may find it hard to make further progress this year.

However, Hoare Govett was among those to stress that the market is unlikely to give much ground as signs of an economic recovery become more clear; "buy on any set-back", is the firm's view.

Yesterday's revised July sales figures raised the curtain on a week of important economic data from both sides of the Atlantic. Today brings the UK producer price statistics, to be followed on Thursday by employment and earnings figures, and on Friday by the Retail Price Index for August.

The week is also featured by profits announcements from some of the largest UK companies, including Glaxo, Legal & General, Prudential and Rolls-Royce. Consequently, fund managers have every incentive to hold back from investment just at present.

FINANCIAL TIMES STOCK INDICES

	Sept 9	Sept 6	Sept 5	Sept 4	Sept 3	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	86.94	86.62	86.50	86.38	86.39	78.27	86.94 (9/9)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	95.46	95.34	95.33	95.32	95.35	86.33	95.46 (9/9)	90.59 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share●	2088.6	2093.6	2092.5	2094.2	2096.4	1655.1	2108.3 (2/9)	1608.3 (16/1)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	181.5	182.0	181.0	180.2	186.5	195.4	222.8 (11/7)	127.0 (20/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2653.2	2667.4	2663.3	2664.6	2669.0	2147.0	2679.6 (3/9)	2054.8 (16/1)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1188.60	1195.17	1196.88	1196.20	1198.60	-	1198.60 (3/9)	938.62 (16/1)	1198.60 (2/9/91)	938.62 (16/1/91)
●Ord. Div. Yield	4.56	4.55	4.55	4.54	4.53	5.70				
●Earning Yld %(full)	7.40	7.37	7.37	7.38	7.35	12.13				
●P/E Ratio(Net)(*)	16.86	16.93	16.92	16.88	16.91	10.00				
SEAQ Bargains 4.45pm	30,465	33,997	26,609	30,181	30,102	17,120				
Equity Turnover(£m)†	-	854.14	824.51	896.46	791.17	491.82				
Equity Bargains†	-	37,829	28,107	30,187	30,298	18,533				
Shares Traded (mil)†	-	415.4	393.8	414.0	360.6	260.3				

Ordinary Share Index, Hourly changes — Day's High 2097.5 — Day's Low 2083.9

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2094.0	2096.4	2086.7	2086.3	2083.9	2084.7	2084.8	2088.5	2086.6

FT-SE 100, Hourly changes — Day's High 2667.1 — Day's Low 2648.6

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2665.4	2665.4	2653.2	2652.1	2649.7	2650.6	2650.9	2650.0	2653.2

FT-SE Eurotrack 200, Hourly changes — Day's High 1191.14 — Day's Low 1186.18

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1191.14	1189.76	1188.11	1188.31	1187.97	1188.08	1188.10

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55. Basis 1000 FT-SE 100 31/12/83. A FT-SE Eurotrack 200 26/10/90 ☆ Nil 16.84 ‡Corrected

GILT EDGED ACTIVITY

Indices*	Sept 6	Sept 5
Gilt Edged Bargains	84.4	89.3
5-Day average	88.4	85.1

*SE Activity 1974. †Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

BAe falls to low for year

BRITISH Aerospace hit its lowest level for more than a year after the company surprised the market with a profits warning. At the end of trading the shares were down 37 at 518p, their low for the day, after above-average turnover of 5m shares.

The company said full-year profits would be well below the estimates (around £300m and above) mentioned in the weekend press. The statement, however, made no mention of the much-leaked rights issue expected to be announced with tomorrow's interim results.

Analysts were left in the dark about the warning and the rights issue as calls to the company yielded no further information. Speculation became the order of the day.

Mr Nick Cunningham at Strauss Turnbull said he was not surprised by the warning and had long suspected the company would need to call on investors for cash. He added: "I believe the warning implies a major write-off, not trading difficulties. Something has gone wrong, probably in Forex or leasing. A rights issue will not solve the company's long-term problems and it is likely to come back to the market in a few years time."

Mr Peter Deighton at County NatWest said: "There was probably a rights issue in the frame for Wednesday on the assumption that the market had a good grip on profit expectations. The realisation that some figures appear to be above the £300m mark panicked them." Tomorrow's interims are expected to be in the region of £90m to £100m.

Persimmon deal

In one of the day's biggest equity deals, Credit Lyonnais Laing, the stockbroker, carried out a bought deal in Persimmon shares, involving the sale of 5m by Mr Duncan Davidson, the Persimmon chairman and chief executive, and Mrs S. Davidson. The disposal left the directors' joint holdings at 20.64 per cent.

The Seaq delayed ticker revealed trades of 5m Persimmon shares at 285p and 4.7m at 287½p, indicating the broker had taken a 2½p turn on the shares. The share price edged up to 285p during early trading but subsequently declined to end the session 3 off at 291p.

Persimmon, one of the top ten housebuilders in the UK, revealed a near 20 per cent fall in interim pre-tax profits to £12.5m last week.

Optimism at Reed

Reed International, the publishing group, was the best performing stock in the FT-SE 100 index yesterday as hopes grew of a recovery in UK advertising. The shares finished 10 better on balance at 488p.

The stock began on a positive note as it decisively broke away from the important chart point of 477p, a level which it has already made five separate attempts to break through.

Kleinwort Benson's reiteration of its buy stance also helped the shares. But it was reports in the press of improvement in advertising that propelled the shares to their highest level since the crash of 1987.

Better than expected July retail sales figures provided support for the stores sector. The detailed breakdown of the numbers, which showed a monthly increase of 15 per cent in home improvements sales, lifted Kingfisher 3 to 574p and Boots 3 to 439p. Laura Ashley added 9 at 88p after analysts went away impressed after a meeting with Mr Jim Maxmin, the new chief executive.

Cadbury Schweppes rose 6 to 402p after further speculation in the press about a bid from Philip Morris, of the US. There was also excitement ahead of its interim results due tomorrow. Profits of around £110m, against £104.7m last time, are expected. Northern Foods advanced 9 to 534p on renewed talk that it may be about to enter the FT-SE 100 index.

Legal & General eased 2 to 440p and Prudential 5 to 256p ahead of interim figures scheduled for later this week. BZW expects L & G to increase the interim by 7 per cent to 6.3p and Prudential to lift its payment by 9 per cent to 3.8p. The broker has pencilled in a £103.8m loss for L & G, to accommodate substantial reserves for its mortgage indemnity business, and Prudential to produce pre-tax profits of £166.7m, up from last time's £126.7m.

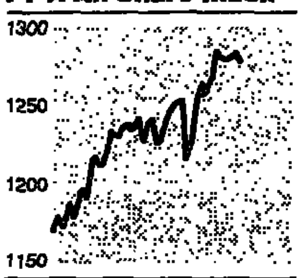
British Telecom lost 5 to 393½p, with the market said to be uncomfortable at the prospect of a postponement of the sale of the government's remaining near 48 per cent stake in the company if a November general election takes place.

First Leisure ran up 8 to 279p following a straight buy recommendation from Panmure Gordon and suggestions of switching into the shares from other leisure stocks.

Rolls-Royce eased 3½ to 139¼p on turnover of 4.8m after BMW, which has a stake of around 2 per cent in the company, denied weekend press reports in the UK that the German firm planned to strengthen its links with R-R.

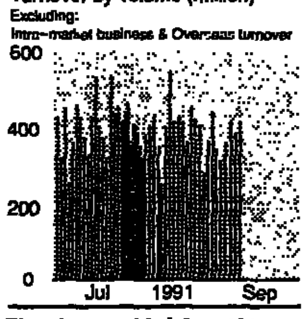
An increased dividend together with interim figures only slightly lower than a year earlier lifted Fairey Group 4 to 313p. T & N was a firm market.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



The shares added 2 at 184p.

BET was one of the day's heavy turnover stocks. It benefited from good two-way business as some investors took profits while others saw the company as a good recovery buy. The shares firmed a halfpenny to 222p on turnover of 4.1m.

A positive annual meeting helped Siebe to continue its strong performance and close 13 up at 546p. The shares have risen 150p since June.

Wassall responded to positive comment and hardened 4 to 181p. Securities house Kleinwort Benson sees it as a buy.

Serco, the thinly traded task management contractor, gained 8 to 515p. It has performed well since announcing a 23 per cent boost in interim profits at the end of August.

Anticipation that Courtaulds would hold an analysts' meeting before the end of the month that might carry an upbeat statement helped the shares to gain 4 to 499p.

Half-time results from British Vita were in line with expectations and the shares lost a penny to 250p.

Laporte saw a touch of nervousness ahead of half-year figures due on September 19 and slipped 11 to 579p in very thin trading.

International issues suffered as a weak dollar cast its shadow and investors took profits. Glaxo, which reports full-year results on Thursday, fell 15 to 1366p. The shares had already risen sharply in anticipation of strong results and this was considered as slightly overdone.

Reuters, which staged a strong advance last week on talk that problems with the company's two new dealing systems could soon be resolved, lost its bounce and slipped back through the 900p barrier to close 11 off at 894p.

In spite of the announcement of a £90m disposal, ICI retreated 14 to 1326p. Reckitt & Colman, which was gloomy about prospects at its interim results meeting last week, weakened 15 to 696p. BAT receded 9 to 681p.

The modest assessment by stockbroker Strauss Turnbull of BP's exploration success in Colombia continued to hold back the shares, which settled 2 cheaper at 344p. But it was pointed out that the sector had generally been restrained by estimates that Opec output during August had increased to 22.5m barrels a day from July's 22.3m.

Suggestions in the weekend press that the company's management may be looking at a buy-out drove Premier Consolidated up to 39p, before a more considered view that such a move was unlikely left the stock only marginally ahead at 37½p.

Recently depressed Ultramar put on 5 to 271p after a handful of institutional supporters of the shares appeared.

MARKET REPORTERS:
Peter John, Joel Kibazo, Jim McCallum, Steve Thompson.

■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 23.

NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (207).
BRITISH FUNDS (85) Treas. 8pc 1992, Tr 10pc 1992, Tr 10½pc 1992, Fd 6pc 1993, Tr 10pc 1993, Tr 8¼pc 1993, Tr 8½pc 1994, Tr 9pc 1994, Tr 10pc 1994, Ex 12½pc 1994, Ex 10¼pc 1995, Tr 12pc 1995, Tr 12¾pc 1995, Tr 9pc 1992-96, Conv 10pc 1996 B, Tr 14pc 1996, Tr 8¾pc 1997, Ex 10½pc 1997, Tr 13¼pc 1997, Ex 10½pc 1997, Ex 15pc 1997, Tr 6¾pc 1995-98, Ex 9¾pc 1998, Tr [illegible] ... BK 12½pc 2008, Do 9¾pc 2016, Utd Mex. 16½pc 2008, LOANS (1) N'wide Ang. 3⅞pc 2021, FOREIGN BONDS (1) Hydro Quebec 15pc 2011, AMERICANS (1) Data Gen., BANKS (4) Bk of Scot. 9¾pc Pf., Lloyds, Schroders, Do. N/V, BREWERS (3) Greene King, Mansfield, Wolv. & Dudley, BUILDINGS (5) Newman-Tonks, Persimmon, Rains Inds., Smart (J), Wilson Bowden, CHEMICALS (3) BTP, Wentworth, Yorkshire Chems., STORES (10) Ashley (L), Brown (N), Casket, Church, Dewhirst, Forminster, Harlstone, Specialeyes, T & S, Wickes, ELECTRICALS (6) Life Sciences, Macro 4, Menvier-Swain, Pressac, Prestwick, ELECTRICITY (3) East Midlands, Northern, Norweb, ENGINEERING (8) Ash & Lacy, Atlas, Fairey, McKechnie, Richardsons W'garth, Spirax-Sarco, Vosper, Westland, FOODS (8) Everest Foods, Iceland Frozen, Northern, Park, Perkins, Salvesen (Ch), INDUSTRIALS (32) ABI, Alumasc, Avon Rubber, Brit. Polythene, Do 7½pc Pf., Calderburn, Comac, Darby, Diploma, Grampian, Johnson Cleaners, Kalon, Lionheart, Low & Bonar, MY, Macfarlane, [illegible] ... Split Level Cap., Archimedes, BZW Cv Uts. 1995-2002, Conti Assets, County Smaller Co's Warrants, Gartmore Am. Sec. Zero Pf., Genesis Chile Fd., Law Debenture, M & G, Merchants, Moorgate Smaller Warrants, River & Merc. Am. Inc., Scottish Cities, St. James' Place Cap., Sphere Zero Div. Pf., OILS (1) Fairhaven, MINES (1) Antofagasta.
NEW LOWS (16).
BUILDINGS (1) Sheriff, ENGINEERING (1) WB Inds., INDUSTRIALS (4) Dean & Bowes, Select Appts., Sheldon Jones, Tamaris 8½pc Pf., LEISURE (2) BCE, Brent Walker, Do. Pf., NEWSPAPERS (1) Haynes Publishg., PROPERTY (2) Cap & Counties, Hanover Druce, TRUSTS (2) Nat. Home Loans 7½pc Pf., Worth, OILS (1) Gt. Western Res A, MINES (1) Europa.

TRADING VOLUME IN MAJOR STOCKS

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
[illegible]															
Bunzl	765	104	+1	Ladbroke	1,100	281	-1	Ryl Bk Scotland	345	187	-1	Wellcome	223	730	-8
Burmah Castrol	543	581	-7	Land Securities	668	532	+1	Royal Insurance	394	306	-1	Welsh Water	278	390	-4
Burton	4,000	48	-½	Laporte	64	579	-11	Saatchi	2,600	16	+¼	Wessex Water	353	400	-6
Cable & Wire.	545	579	-4	Legal & General	353	440	-2	Sainsbury	894	372	-2	Whitbread 'A'	758	487	-3
Cadburys	1,600	402	+6	Lloyds Abbey	594	436		Scottish & New	225	414	-1	Williams Hldgs.	1,500	358	+1
Calor Group	392	229	-1	Lloyds Bank	349	405	+1	Scot. Hydro-Elect.	2,600	113	-1½	Willis Corroon	1,000	298	-1
Carlton Comms	413	518	+7	LASMO	849	317	-3	Scottish Power	4,100	107	-½	Wimpey	438	182	+2
Coats Viyella	1,200	184	-3	London Elect.	731	218	-3	Sears	5,400	93	+1	Yorkshire Elect.	240	243	-1
Comm. Union	258	515	-3	Lonrho	453	236	-3	Sedgwick	1,400	280	+4	Yorkshire Water	780	404	-5

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down

EQUITY FUTURES AND OPTIONS TRADING

THE DERIVATIVES markets were noticeably quiet yesterday with dealers content to mark prices lower after the recent strong advances, writes Jim McCallum.

The equity futures market had begun the day attempting to hold on to the previous week's gains as some independent traders took long positions.

The market headed lower, however, after British Aerospace delivered a profits warning. Futures led the stock market down, although there did not appear to be strong selling pressure.

The September FT-SE closed 21 points lower at 2,665, with dealers expecting further weakness when the market opens this morning. September's premium to the spot FT-SE index finished at 12 points, against 19 previously.

Turnover in the options market was depressed, reflecting the lack of activity in stocks. Cadbury Schweppes was the busiest share option following speculation in the weekend press about a possible bid from Philip Morris, of the US. The largest trade was a purchase of 350 November 420 calls.

Activity in British Steel was more evenly balanced between calls and puts, with the January 120 puts the most active.

LONDON SHARE SERVICE

BRITISH FUNDS

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
"Shorts" (Lives up to Five Years)						
[illegible]						
Five to Fifteen Years						
[illegible]						

BRITISH FUNDS—Contd

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]						
Over Fifteen Years						
[illegible]						
Undated						
[illegible]						
Index-Linked						
[illegible]						

INT. BANK AND O'SEAS

1991 High	1991 Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
[illegible]						

CORPORATION LOANS

[illegible]

COMMONWEALTH & AFRICAN LOANS

[illegible]

LOANS

Building Societies

[illegible]

Public Board and Ind.

[illegible]

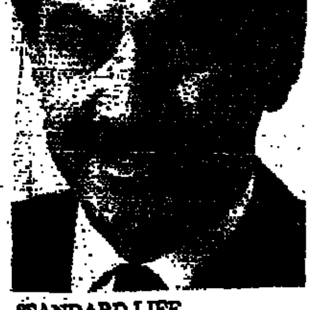
FOREIGN BONDS & RAILS

[illegible]

Continued on next page

APPOINTMENTS

Standard Life director



STANDARD LIFE ASSURANCE, a mutual company registered in Scotland, has appointed Mr John B. Zaozirny, Q.C., (pictured) as a director.

Mr Zaozirny, former minister of energy and natural resources for Alberta, Canada, is counsel to the law firm of McCarthy Tetrault at its Calgary and Vancouver offices. He is also a director of a number of Canadian corporations.

■ CAMBRIDGE CABLE, the cable television franchise concern, named Mr Stephen Twigley as director of technical operations and project control. His responsibilities will include overseeing the fibre optic cable network design and construction plus network servicing and maintenance.

Originally from Bolton, Lancashire, Mr Twigley was previously director of technical operations at Rogers Cable TV in North America.

■ Mr Nick Parsons, former group economist at Union Discount, will be joining CANADIAN IMPERIAL BANK OF COMMERCE, London, as head of Treasury Advisory Group.

His primary functions will be economic forecasting, advising and marketing to the bank's customer base. CIBC is actively expanding its European Treasury presence to compliment its North American operations.

■ BICC has made its property company, BALFOUR BEATTY DEVELOPMENTS, a direct subsidiary and renamed it BICC Developments.

Mr Jim Moore, formerly a director of BBD, has been appointed managing director and Mr Peter Zinkin, group planning and development manager of the BICC group, has become chairman of the new company.

■ BSI BANCA DELLA SVIZZERA ITALIANA, LONDON, has named Mr Keith Campbell Golding as first vice-president and Mr Michael Fitzhugh vice-president. They will have special responsibility for the establishment of an international asset management group.

They both join from EBC Amro, London, where Mr Campbell Golding was managing director, in charge of investment management for private and corporate clients.

■ BABCOCK FULTON PREBON, the international moneybroking subsidiary of Babcock Prebon, announced that Mr Anthony Llewelyn-Davies has resigned as a director.

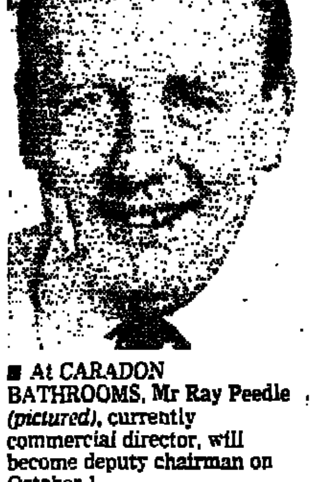
■ MARKETING DIRECTION, the market research subsidiary of ASPEN COMMUNICATIONS, has named Ms Lise Cottle as managing director. Prior to her promotion, Ms Cottle was head of media market research, based in Weybridge, Surrey.

■ SWISS BANK CORPORATION appointed Ms Catherine Bradley as a director within the investment banking division. Ms Bradley, who is based in London, will be responsible for investment banking activities in France. She was previously with Merrill Lynch.

■ FALCON GROUP, the independent investment management company based in Bristol, named Mr Paul Edgar as associate director and Mr Martin W. Telling as senior executive.

Mr Edgar has served for the past three years at Falcon as investment manager, while Mr Telling joined the company last month on leaving the post of sales manager with Save and Prosper.

■ WYETH LABORATORIES announced that Mr Colin Bateman will be joining the board as director of the company's pharmaceutical division. He was a divisional manager at Glaxo Laboratories.



■ At CARADON BATHROOMS, Mr Ray Peedle (pictured), currently commercial director, will become deputy chairman on October 1.

Mr Chris Kitching will take over the role of commercial director. He is at present sales and marketing director at Caradon Mira. Prior to joining Caradon he was managing director at Fisher Price.

LONDON SHARE SERVICE

● Latest Share Prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain your free Share Code Booklet ring 071-925-2128

AMERICANS

1991 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
33¼	20⅞	Abbott Laboratories†	31½	–⅛	$1.00	–	1.9
385p	257p	♥Allegheny & W 1c	297p	+9	30c	–	6.0
10¼	667p	Arcadabl 5c	805pxd	–6	10c	–	0.7
42¼	25¼	Amer Cyanamid $5	36½	–⅛	$1.50	–	2.4
17⅞	9⅛	Amer. Express 60c	15¼xd	–½	92c	–	3.6
24½	15¼	American T. & T. $1	22⅛xd	–⅛	$1.32	–	3.4
38⅞	32½	Ameritech $1	35⅛	....	$3.40	–	5.6
26	12⅞	BankAmerica $1⅝	24⅛xd	–⅛	$1.20	–	2.9
35⅝	20⅛	Bankers N.Y. $1	33⅛xd	–⅛	$1.52	–	8.5
30½	24¼	Bell Atlantic $1	28½xd	–⅛	$2.52	–	5.2
31¼	25	BellSouth Corp.	28¼	–½	$2.76	–	5.7
11¼	6⅞	♥Bethlehem Steel $8	10½xd	....	40c	–	2.3
1839p	1046p	Bowater Inc.	1515p	–93	$1.20	–	4.7
54⅞	37⅞	CPC Intnl 25c	53¼xd	–1⅛	$2.00	–	2.2
930p	420p	California Engy	929p	....	–	–	–
50	28¼	Campbell Soup 15c	45⅝xd	–1⅛	$1.16	–	1.5
12¼	5⅞	Chase Manhattan $12½	11¼xd	–⅛	$1.20	–	6.1
9⅞	5½	Chrysler $6¼	6¼xd	–⅛	60c	–	5.3
10½	5⅞	Citicorp $1	8½xd	–⅛	$1.00	–	7.0
25	22⅛	Colgate-Palmolive $1	23⅛xd	–⅛	$1.06	–	2.7
928p	438p	Cont'l Bank Corp $4	689p	–19	60c	–	5.1
21⅝	13⅞	Dana Corp $1	17⅛xd	–⅛	$1.60	–	5.3
1182p	203p	Data General	1182p	+46	–	–	–
22¼	12⅞	Dial Crop. $1.5	21¼xd	–½	$1.40	–	3.9
29⅝	20¼	Dun & Bradstreet $1	25½	–½	$2.16	–	5.0
40	24¼	Eaton Corpn. 50c	37½	–¼	$2.20	–	–
8½	5½	Echlin Inc.	7⅛xd	–⅛	70c	–	5.4
20½	14⅞	FPL Group 1c	19⅛xd	–⅛	$2.40	–	7.4
30⅞	17⅛	Fluor Corp 62½pc	25⅛xd	–⅛	32c	–	0.7
23¼	13¼	Ford Motor $1	17½	–⅛	$1.60	–	3.4
46⅞	28⅞	Gen. Elect. 63c	41xd	–1⅛	$2.04	–	2.9
566p	270p	♥General Host Corp $1	442p	–1	34c	–	4.5
45⅞	20⅞	Gillette $1	24½xd	–½	62c	–	1.5
18½	794p	Hasbro Inc 50c	15¼	–¼	24c	–	0.9
38½	21¼	Honeywell $1½	31⅛xd	–1	$1.50	–	2.8
23¼	17⅞	Houston Inds.‖	22	–⅛	$2.96	–	7.9
72⅞	55⅞	IBM Corpn $1¼	57⅛xd	–¼	$4.84	–	5.0
32½	18⅞	Ingersoll-Rand $2	28⅞xd	–⅛	$1.32	–	2.7
28¼	16¼	Lockheed Crpn. $1	24½xd	....	$2.00	–	4.8
2155p	1245p	Lowe's 50c	1921p	–71	56c	–	1.7
18⅞	9½	Manuf. Hanover $1	17⅛xd	–⅛	♦$3.28	–	11.2
26⅛	10⅞	Merrill Lynch $1	24½xd	–¼	$1.00	–	2.4
33⅞	21⅞	Morgan (JP) $2½	32⅞xd	....	$1.98	–	3.6
44¼	25⅞	Morris (Philip)	42¼	–⅝	$2.10	–	3.0
46¼	39	NYNEX $1	43½	–⅛	$4.56	–	6.2
89p	15p	♥Pac. Agricultural	15p	....	–	–	–
23⅞	11⅞	Pall Corp. 25c	22	–⅛	b44c	–	1.2
46⅛	33¼	Pennzoil 83 1/3c	38⅞xd	–⅛	$3.00	–	4.6
40½	24⅞	Quaker Oats $5	34xd	–½	$1.56	–	2.7
41¼	24⅞	Rep NY Corpn $5	39⅞xd	–1⅛	$1.40	–	2.1
17½	12¼	Rockwell Intl $1	15½xd	–⅛	86c	–	3.5
25⅝	12⅞	Sears, Roebuck 75c	23xd	–¼	$2.00	–	5.1
34¼	25⅝	Southwestern Bell $1	32⅛xd	–⅛	$2.84	–	5.2
20¼	14⅞	Sun Co. Inc. $1	19xd	–⅛	$1.80	–	5.7
27¼	21⅛	Tenneco $5	24⅛xd	–⅛	$3.20	–	7.4
40½	29⅛	Texaco $6.25	37xd	–½	$3.20	–	5.1
26¼	17¼	Texas Instr. $1	17⅛xd	–⅛	72c	–	2.5
*64½	37⅞	Time Warner $1	46⅞xd	–⅛	$1.00	–	1.3
16¼	8⅞	TRINOVA Corp.	14⅛xd	–½	68c	–	2.9
538p	250p	♥Unilab	512p	....	–	–	–
29¼	22¼	Utd. Technologies	27⅛xd	–⅛	$1.80	–	3.9
92p	42p	♥UtiliTech Inc.	82p	....	–	–	–
23	18¼	US West‖	21¼	–⅛	$2.08	–	5.8
162p	87½p	Varity Corp‖	133p	–5	$1.30	–	–
24⅞	16⅝	Waste Management $1	21½	–½	44c	–	1.2
2200p	1053p	Whirlpool $1	2074p	+1	$1.20	–	3.1
20⅞	13½	♥Woolworth $3½	16⅞	–⅛	$1.08	–	3.8

CANADIANS

[illegible]

For Varity see Americans

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES – Contd

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ENGINEERING

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INSURANCES

[illegible]

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LEISURE

1991 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
708	185	Airtours 10p β	644	+7	18.25	2.9	1.7	20.2
109	71½	Allied Leis. 5p α	106	.....	F4.75	3.5	6.0	7.4
246	140	Anglia TV α	163	.....	9.28	2.4	7.6	7.5
31	14	Aveco 1p α	27	.....	1.5	1.1	7.4	(16.7)
9	3	BCE Hldgs 5p β	3	-1½	-	-	-	-
178	123	Barr & W.A.T. 'A' β	172	.....	9.75	1.7	7.6	10.6
745	425	Boosey & Hawkes β	745	.....	16.4	2.7	2.9	14.9
58	24	Border T.V. β	58	.....	2.1	♦	4.8	♦
68	12	Brent Walker 10p α	15½	-1	5.0	-	-	-
29	3	Do 6pc Cv Cu Rd Pf £1 γ	3	.....	-	-	-	-
55	13	Buckingham Int'l 10p α	23	.....	‡2.1	1.8	‡	5.4
350	183	Cannon Int. 20p β	345	-1	†11.0	2.9	4.3	9.4
214	134	Capital Radio 2½p α	214	.....	5.25	2.9	3.3	14.1
548	350	Carlton Cmtns 5p α	516	+7	†14.1	2.4	3.6	14.5
62	61	Do. 6.5p Prf 5p γ	61	+2	6.5	-	10.7	-
253	165	Castle Comms. 5p β	223	+4	8.5	1.7	5.1	14.9
919	460	Central ITV β	918	.....	28.5	1.4	4.1	22.5
164	120	Chiltern Radio 10p β	163	.....	14.8	2.6	3.9	12.5
89	39	Chrysalis β	76	.....	‡2.0	-	‡	-
69	27	Citywision 5p α	40	-1½	1.0	7.0	3.4	5.2
6	5	Classic Thr'ands Int 0.20 γ	4	.....	-	-	-	-
248	225	Eurocamp 5p α	243	+2	R8.5	2.5	4.7	11.7
1405	908	Euro Disney Fr10 α	1393	+5				-
30	5	European Leis. Ir25p α	13	.....	1.7	2.2	17.4	2.2
44	21½	Ex Lands 10p	34	+1	-			-
47	13	Expedier 20p α	15	.....	1.0	2.7	8.9	4.1
563	405	Fairline Boats 10p β	525	.....	21.0	4.1	5.3	6.1
279	188	First Leisure α	279	+8	15.05	2.6	2.4	19.1
253	195	GWR Group 20p β	247	.....	‡6.0	3.2	‡	12.9
75	59	Grampian TVA 10p β	66	.....	4.1	3.1	8.0	5.3
78	4	Granworth Comms. 1p β	4	.....	-	-	-	-
63	33	HTV Ord α	43	.....	3.75	1.2	11.6	9.9
164	55	Hi-Tec Sports β	162	.....	5.0	2.9	4.1	11.0
4½	1½	Int'l Media Cams 1p α	2	.....	-			-

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PROPERTY

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRANSPORT

TRANSPORT – Contd

INVESTMENT TRUSTS

INVESTMENT TRUSTS – Contd

Net asset values supplied by County NatWest Wood Mackenzie as a guide only.

FINANCE, LAND, ETC

FINANCE, LAND, ETC – Contd

1991 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's	P/E
504	334	Scottish Asian Ptg 1c	398		-	-	-	
1313	840	Siam Fd Red. Prf	1047		-	-	-	-
518	303	Singapore SESDAQ 1c	339	.....	-	-	-	-
56	33	Singer & Friedlander α	40	.....	2.5	1.8	8.3	9.1
145	95	Smith New Court α	125	.....	3.5	1.2	3.7	28.0
87	61	Do. Cnv Prf 50p γ	75	.....	6.5	-	11.6	-
131	127½	South America Fund	131	.....	-	-	-	-
48½	44½	Do. Warrants	48½		-	-	-	-
419	254	South East Asia Wnts 1c	339	.....	-	-	-	-

WATER

OIL AND GAS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

MINES – Contd

Australians

1991 High	Low	Stock	Price	+ or -	Div Net	C'vr	Y'ld Gr's
53	24	ACM 50c	53		†03c	♦	2.4
27	13	ACM Gold	19		Q5c	♦	13.5
3	3	Arboyne 50c	3	.....	-	-	-
36½	20	Aztec Expln	33	.....	ZQ1c	-	1.4
49	25	Bougainville 1 Kina	32	-2	-	-	-
23	12½	Brunswick $1	12½		-	-	-

Tins

Miscellaneous

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares. γ Gamma refers to other traded instruments.

Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ♦ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ¤ Not officially listed.
- ‡ Price at time of suspension
- ¶ *Indicated dividend after pending scrip and/or rights issue;* cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim: reduced final and/or reduced earnings indicated
- § Forecast dividend; cover based on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs ◊◊ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other official estimates. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Craig & Rose £1	β	640	.....
Finlay Pkg. 5p	β	20	.....

IRISH

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Mines

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FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
Gilts & Fixed Int	6	115.0	115.0xd	122.0	+0.7	9.43
High Inc Equity	6	138.9	142.5	151.5	-0.4	5.61
Worldwide Bond	6	206.8	206.8xd	219.2	-1.5	6.84
Capital Growth						
American Growth	6	204.3	204.3	218.2	-3.3	1.00
Asian Pacific	6	122.9	125.4	133.4	-2.1	1.28
Assets & Earnings	6	186.3	190.3	202.4	....	2.66
Capital Reserve Acc	0	108.4	108.4	108.5	+0.3	6.99
Capital Reserve Inc	0	85.73	85.73	85.79	+0.21	6.99
Comdty & Energy	6	73.43	73.43xd	78.53	-0.51	1.90
1992 Enterprise	6	65.54	65.54	70.09	....	2.75
Euro Capital Acc	6	88.64	88.64	94.80	-0.66	1.43
Euro Capital Inc	6	84.70	84.70	90.58	-0.62	1.44
General	6	176.0	176.0xd	188.2	-0.2	2.66
Japan	6	94.71	94.71	101.2	-1.7	–
Masterinvst	6	90.69	90.69	96.99	-0.66	2.10
UK Growth Acc	6	168.6	168.6	180.3	+1.0	2.51
UK Growth Dist	6	108.4	108.4	115.9	+0.7	2.53
US Emerging Gos	6	69.34	70.73	75.24	-1.37	–
Income & Growth	6	316.2	316.2	338.1	-1.0	4.14
Ethical	6	53.31	53.31	57.01	+0.30	2.96
International	6	62.08	62.93	66.94	-0.74	1.31
Dividend & Growth	6	51.51	52.62	55.97	-0.04	5.36
Global Gwth & Sec	6	51.94	52.23	55.56	....	1.80

Aberforth Unit Trust Managers Ltd (1600)F
16 Chester St, Edinburgh EH3 7RA 031 220 0733

UK Small Cos	0	1051.0	1051.0	1107.0	....	0

Abtrust Unit Trust Managers Ltd (1200)H
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580

Amer Inc & Growth	5¼	30.73	30.73	32.59	-0.49	2.44
Cash	–	50.09	50.09xd	50.09	+0.03	10.41
European	5¼	71.03	71.03	75.37	-0.18	0.30
European Income	5¼	73.65	74.03xd	78.10	-0.47	1.56
Exempt	3	797.5	797.5	821.9	-3.6	4.97
Extra Income	5¼	40.70	40.70xd	44.06	-0.24	5.63
Far East Emerg Gons	5¼	49.96	49.96	53.64	-0.89	1.19
Fund Inv Tst	5	117.9	119.4	127.4	-0.4	2.35
Fund Inv Tst Acc	5	190.7	193.2	206.2	-0.7	2.33
Gilt & Fixed Int	5¼	15.99	16.23xd	17.33	+0.10	11.44
Japan	5¼	152.7	152.7xd	162.0	-1.3	0.00

Bishopsgate Progressive Mgmt Co (1200)F
15 St James' Place, London SW1A 1NW 071-493 8111

Progressive Inc	5	£18.55	18.55	19.58	....	0.85
Progressive Acc	5	£27.95	27.95	29.50	....	0.85
International Inc	5	£19.45	19.45xd	20.53	....	0.94
International Acc	5	£26.39	26.39	27.85	....	0.94
Can & Foreign Inc	5	228.9	228.9	241.6	....	0.45
Can & Foreign Acc	5	273.6	273.6	288.8	....	0.45
Special Sits Inc	5	204.3	204.3	215.6	-1.6	0.72
Special Sits Acc	5	221.9	221.9	234.2	-1.7	0.72
PEP Inc	5	136.9	140.0	147.8	+0.1	1.66
PEP Acc	5	146.2	149.5	157.8	+0.1	1.66
Growth Inc	5	80.74	80.74xd	85.21	....	0.66
Growth Acc	5	81.73	81.73xd	86.26	....	0.66

Brewin Dolphin Unit Tst Mgrs Ltd (0905)F
5 Giltspur St, London EC1A 9DE 071-236 6441

Dolphin Special Sits	5¼	120.3	120.3	128.6	-0.2	4.07
Dolphin Dividend	5¼	60.90	60.90xd	65.13	-0.11	5.30
Dolphin Int Inc & Gth	5¼	158.4	158.4	169.4	-1	4.19
Dolphin UK & Gen	5¼	35.02	35.20xd	37.64	-0.09	3.05
Dolphin Fund of Funds	5¼	47.61	47.61	50.91	+0.01	1.65

Britannia Life Unit Managers Ltd (1200)F
190 West George St, Glasgow G2 2PA 041-332 3132

Balanced Growth	6	80.58	80.58	86.18	....	2.71
Do (Accum)	6	85.33	85.33	91.27	....	2.71
Service Cos	6	67.46	67.46	72.15	-1.83	2.46
Do (Accum)	6	70.97	70.97	75.90	-1.92	2.46
Income Growth	6	44.41	44.41	47.49	-0.35	5.18
Do (Accum)	6	62.53	62.53	66.87	-0.49	5.18
Higher Yield	6	33.83	33.83	36.19	-0.15	5.18
Do (Accum)	6	42.70	42.70	45.67	-0.18	5.18
American Gth Inc	6	32.72	32.72xd	35.00	-0.50	1.28
Do (Accum)	6	33.34	33.34	35.66	-0.51	1.28
European Growth	6	25.33	25.33xd	27.10	-0.07	1.88
Do (Accum)	6	26.20	26.20	28.02	-0.07	1.88
Global Bond Inc	6	22.80	22.83	24.42	-0.08	6.58
Do (Accum)	6	26.34	26.38	28.22	-0.09	6.58
Managed P'folio Inc	6	25.67	25.76	27.55	-0.21	–
(Do Accum)	6	25.67	25.76	27.55	-0.21	–

Brown Shipley & Co Ltd (1800)F
9-17 Perrymount Rd Haywards Hth 0444 412262/3/4/5

Mngd P'folio Inc	6	83.60	83.60xd	89.03	-0.55	2.34
Mngd P'folio Acc	6	154.3	154.3	164.3	-1.08	–
UK General	6	121.9	121.9	129.8	-0.30	3.91
Conv & General	6	17.71	17.71xd	18.86	-0.07	10.09
European Inc	6	20.91	20.91	22.51	....	0.50
European Acc	6	21.37	21.37	23.01	+0.01	–
Exempt	3	295.9	299.9	311.2	-1.60	4.35
Financial	6	102.1	102.1xd	108.7	-0.88	4.35
Foundation	6	63.35	64.95	69.17	+0.57	4.06
German	6	36.62	36.62	39.25	+0.07	0.10

Maiden Unit Trust Managers Ltd (1400)F
15 St Botolph St, London EC3A 7EE 031 226 6066

Maiden General	0	118.1	118.1	121.1	....	5.47

Manulife Management Ltd (1200)H
St George's Way, Stevenage Dealings:071-256 5858

Growth Units	5¼	138.6	139.7xd	148.6	-1.5	3.62
Gilt & Fxd Int	5	149.9	149.9	157.6	+0.5	7.99
Intl Growth	5¼	145.4	145.4	154.7	-2.1	0.44
North American ▼	5¼	97.49	98.70xd	105.0	-1.6	0.31
Far East	5¼	113.8	113.8	121.1	-1.6	0.52
UK Smaller Cos	5¼	104.7	104.7	111.4	+2.1	3.01
European	5¼	53.39	53.39	56.91	-0.39	0.94
Japanese Growth	5¼	35.26	35.26	37.77	-0.37	0.00
Managed P'folio	5¼	50.11	50.49	53.71	-0.45	1.31
High Income	5¼	157.3	158.5	168.6	-1.3	5.55
High Yielding Gilt	5¼	61.61	61.61xd	64.86	+0.25	10.27
Cash	–	51.80	51.80	51.80	+0.04	9.16

European Gth Acc	5¼	200.5	200.5	213.8	-0.5	0.00
Intl Gwth	5¼	142.6	142.6	152.0	-1.4	0.00
UK Equity Inc	5¼	124.0	124.0	133.3	-0.5	6.06
UK Equity Acc	5¼	139.6	139.6	150.1	-0.6	6.06
UK Ind Tracker Inc	5	127.6	127.6xd	136.2	-0.6	3.62
UK Ind Tracker Acc	5	138.7	138.7xd	148.0	-0.7	3.62
US Eq Ind Tracker Inc	5	143.0	143.0xd	153.4	-2.5	2.94
US Eq Ind Tracker Acc	5	148.5	148.5xd	159.3	-2.6	2.94
Japan Tracker	5	59.81	59.81	63.36	-0.79	0.00
Asian Tracker	5¼	82.38	82.38	88.18	-1.45	1.92
Managed Inc	5¼	101.9	101.9	109.5	-0.7	1.91
Managed Acc	5¼	103.5	103.5	111.3	-0.7	1.91
Cash Inc	0	100.04	100.04xd	100.04	-0.57	9.93
Cash Acc	0	110.56	110.55xd	110.55	+0.6	9.93
Europa	5¼	104.5	104.5xd	112.0	-0.1	0.00

Geoffrey Morley Unit Mgrs Ltd (1200)F
3 Bedford Park, Croydon CR0 2AQ 081-686 9818

Exempt Unit Tst	4	121.02	121.02	128.65	-0.82	2.60
Exempt Smllr Cos	3¼	238.23	238.23	257.50	-0.69	1.40

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (▼) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation,
Centre Point,
103 New Oxford Street, London WC1A 1QH
Tel: 071 – 379 – 0444.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

OTHER UK UNIT TRUSTS

INSURANCES

Continued on next page

FT MANAGED FUNDS SERVICE

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K & P Life Assurance Ltd
6-7 Bedford Row, London, WC1R 4UJ 071-430 2348

	Bid Price	Offer Price	+ or −	Yield Gross
Life Managed Fd	109.9	115.7	----	-
Pension Managed Fd	110.1	115.9	----	-
Life Deposit Fd	109.2	114.9	----	-
Pension Deposit Fd	115.1	121.2	----	-

National Financial Management Corp PLC
72 Gatehouse Rd, Aylesbury, HP19 3XJ 0296 395539

	Bid Price	Offer Price	+ or −	Yield Gross
Life Funds				
Managed Cautionary	116.5	122.7	+0.7	-
Managed Growth	142.0	149.5	+0.2	-
Managed Opportunity	142.1	149.6	+0.3	-
NFMC Target Financial	106.4	112.0	−0.1	-
Pension Funds				
Managed Cautionary	126.8	133.5	+0.5	-
Managed Growth	150.3	158.3	+0.2	-
Managed Opportunity	142.3	149.8	+0.3	-
NFMC Target Mngr Pen	1576.7	1659.7	−11.1	-

National Mutual Life
The Priory, Priory Pk, Hitchin, SG5 2DW 0462 422422

	Bid Price	Offer Price	+ or −	Yield Gross
Harvester Pension Funds				
Managed	168.7	177.6	----	-
UK Equity	181.0	190.6	----	-
Overseas Equity	135.3	142.5	----	-
Fixed Interest	150.9	158.9	----	-
Property	135.0	142.2	----	-
Index Linked	149.6	157.5	----	-
Deposit	160.7	169.2	----	-
With Profits (8)	131.6	138.5	----	-

National Provident Institution
48 Gracechurch St, London EC3P 3HH 071-623 4200

	Bid Price	Offer Price	+ or −	Yield Gross
Managed	362.3	381.4	−2.9	-
UK Equity	465.8	490.3	−4.1	-
Overseas Eq	348.9	367.3	−3.3	-
American	288.3	303.5	−5.4	-
Far East	361.0	380.0	−4.0	-
Property	193.8	204.0	----	-
Fixed Int	267.4	281.5	+0.3	-
Indexed Gilt	160.2	168.7	+0.7	-

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)

هكذا من الأصل

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

Barings International Fd Mngrs (Ireland) Ltd

Midland Bank Fund Managers (Jersey) Ltd
PO Box 26, St Helier, Jersey 0534 606000

For MIM see INVESCO MIM

Royal Trust Jsy Fd Mngt Ltd (1400)F
PO Box 428, St Helier, Jersey 0534 76077

TSB Trust Funds (CI)
PO Box 538, St Helier, Jersey 0534 73494

Warburg Asset Management Jersey Ltd

Wardley Fund Managers (Jersey) Ltd

Hill Samuel Inv Services Intl SA (u)
Marktgasse 65/65, 3001 Berne, Switzerland 224051

Wardley Investment Services - Contd.

	Bid Price	Offer Price	+ or -	Yield Gross
US Dollar Bond	$ 9.83	10.35	+0.04	-
Intl Managed Bond	$ 12.02	12.66	+0.11	-
Sterling Reserve	£ 5.05	5.32	-0.01	-
US Dollar Reserve	$ 9.77	10.29		-

Target International Ltd

Templeton Worldwide Investments

GT Management Plc - Contd.

NM Financial Mngt Intl Ltd

The New Zealand Fund

Newport International Management

Nomura Warrant Fund 1990 Ltd

ISLE OF MAN (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

ISLE OF MAN (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

GUERNSEY (SIB RECOGNISED)

JERSEY (SIB RECOGNISED)

International Futures

	Price			
...LIMITED-Ord.	$42.11	......		-
...LIMITED-Inc.	$13.95	......		-
...D LTD-Spec. Iss.	$22.20	......		-
...D LTD-Nov 1993	$20.27	......		-
...D LTD-Jan 1994	$16.45	......		-
...D LTD-Dec 1994	$14.54	......		-
...D LTD-Aug 1995	$11.87	......		-
...Pacific LTD (i)	$10116.68	......		-
...Pacific LTD (ii)	$10074.59	......		-
...Global Gtd Ltd	$108.36	......		-
...MGMT GTD PLC	$111.46	......		-
...Res Ltd ISNPI	$105.99	......		-
...Pacific Ltd	A$1.14	......		-
...Futures Ltd	$9.30	......		-
...Guaranteed Curr Ltd	$9.56	......		-
...Gtd Futures	$8.97	......		-
...BN	$101.29	......		-

Maverick International Fund

...3	$106.00	......		-

Meridian Funds

...Market	$1.00	......		4.87
...Income	$10.18	......		-
...Govt Income	$10.54	......		-
...Equity	$12.01	......		-
...Currency	$10.49	......		-
...Income	$9.73	......		-

Merrill Lynch Guernsey

...NAV Sept 5	£2.56	......		-
...NAV Aug 29	$8.29	......		-
...Cap Dll NAV	$—	......		-
...NAV Sept 4	$9.63	......		-

(For information only)

Mitsubishi Finance International Ltd

...Money Plan Plus	$115.56	+0.14		-
...Plan Multiple	$110.99	+0.30		-

Morgan Stanley Japanese Warrant Fund NV

	$6.9220	......		-

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Wave of selling hits dollar

THE DOLLAR was in sharp retreat as London foreign exchange trading closed yesterday. It fell about one pfennig against the D-Mark in a few minutes to finish near the day's low. Stop loss selling added to the decline pushing the US currency through technical resistance at DM1.6980.

Traders went short of dollars in expectation that the Federal Reserve will ease its monetary stance to boost a stuttering economic recovery. The Federal Reserve added liquidity to the New York banking system, via three-day system repurchase agreements, but Federal funds were trading at 5 9/16 per cent at the time. This was above the assumed target of 5½ per cent and therefore the action did not appear to signal a change in policy. A further test of policy may have to wait until later this week, after publication of August US producer prices on Thursday and the consumer price index for the same month on Friday.

Selling built up in New York on Friday as dealers decided that the August US employment report was not strong enough to prevent the Fed from easing. It continued in the Far East and Europe yesterday, amid suggestions that Bank Negara, the Malaysian central bank, had sold dollars at around DM1.7100.

Interest rate factors are moving against the dollar, particularly when compared with the D-Mark. A recent survey by Merrill Lynch found that 11 per cent of international investors were heavily overweight in dollar currency exposure, with 47 per cent moderately overweight and only 2 per cent heavily underweight. This contrasted with D-Mark's, Dutch guilders and Swiss francs, where no investors surveyed were heavily overweight, 15 per cent were moderately overweight and 28 per cent were heavily underweight.

At the London close the dollar had fallen to DM1.6955 from DM1.7315; to Y134.90 from Y136.10; to SFr1.4890 from SFr1.5235; and to FFr5.7650 from SFr5.8800. Its index declined to 65.4 from 66.3.

The move out of dollars was of greatest benefit to the D-Mark. Figures produced during the afternoon by the European Commission showed the D-Mark unchanged as fifth strongest member of the European exchange rate mechanism, but in late trading the German currency moved up to third strongest.

Sterling rose sharply against the dollar, but weakened against the D-Mark and several other of its ERM partners on interest rate factors. Official Dutch and Belgian rates were left unchanged yesterday, while German rates have increased recently, but pressure continued to build up for another cut in UK bank base rates, only a few days after the last reduction.

The pound rose 3.20 cents to $1.7300 and improved to Y233.50 from Y231.00, while falling to DM2.9325 from DM2.9400; to FFr9.9725 from FFr9.9850; and to SFr2.5750 from SFr2.5875. Its index climbed 0.5 to 91.5.

£ IN NEW YORK

Sep 9	Latest	Previous Close
£ Spot	1.7295-1.7305	1.7180-1.7190
1 month	0.67-0.65pm	0.66-0.64pm
3 months	1.86-1.85pm	1.87-1.84pm
12 months	6.36-6.26pm	6.32-6.22pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

[illegible]

CURRENCY MOVEMENTS

[illegible]

CURRENCY RATES

[illegible]

OTHER CURRENCIES

[illegible]

· Selling rate

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Sep 9	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.238	-4.04	5.52	70
Belgian Franc	42.4032	42.2811	-0.29	1.55	20
Italian Lira	1538.24	1533.90	-0.28	1.55	20
Dutch Guilder	2.31643	2.31269	-0.16	1.42	14
D-Mark	2.05586	2.05285	-0.15	1.41	17
Sterling	0.696904	0.697167	0.04	1.22	-2
Irish Punt	0.767417	0.767930	0.07	1.19	2
Danish Krone	7.84195	7.92692	1.08	0.17	-44
French Franc	6.89509	6.98199	1.26	0.00	-63

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

Sep 9	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7185 - 1.7305	1.7295 - 1.7305	0.67-0.65cpm	4.58	1.90-1.87pm	4.36
Canada	1.9595 - 1.9700	1.9655 - 1.9665	0.36-0.27cpm	1.92	0.84-0.71pm	1.58
Netherlands	3.2975 - 3.3175	3.2975 - 3.3075	[illegible]	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Commercial rates taken towards the end of London trading. Six-month forward dollar 3.50-3.45cpm. 12 Month 6.45-6.35cpm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

[illegible]

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Sep 9	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	10½ - 10⅜	10 5/8 - 10½	10 5/16 - 10 3/16	10 3/16 - 10 1/16	10 1/16 - 10	10 1/16 - 10
US Dollar	5 9/16 - 5 7/16	5 9/16 - 5½	5 9/16 - 5 7/16	5 9/16 - 5½	5 9/16 - 5 9/16	6 - 5 13/16
Can. Dollar	8¾ - 8½	8¾ - 8½	8¼ - 8	8⅜ - 8¼	8 5/16 - 8⅜	8¾ - 8½
Dutch Guilder	9⅛ - 8⅞	9⅛ - 8⅞	9¼ - 9⅛	9⅜ - 9¼	9⅜ - 9⅜	9 7/16 - 9¼
Swiss Franc	6 - 7¾	8¼ - 8	8 3/16 - 8 1/16	8⅛ - 8	8 3/16 - 7 15/16	7 15/16 - 7 13/16
D-Mark	9⅛ - 9	9⅛ - 9	9⅛ - 9	9¼ - 9⅛	9⅜ - 9¼	9 7/16 - 9 5/16
French Franc	9¼ - 9⅛	9¼ - 9⅛	9¼ - 9⅛	9⅜ - 9¼	9½ - 9¼	9½ - 9⅜
Italian Lira	12 - 10	10¼ - 10	11¼ - 10¾	11⅜ - 10⅞	11⅝ - 11¼	11¾ - 11 9/16
Belgian Franc	9 1/16 - 8 13/16	9⅛ - 8 13/16	9¼ - 9	9¼ - 9⅛	9⅜ - 9¼	9 7/16 - 9 5/16
Yen	6¾ - 6 11/16	6 13/16 - 6⅝	7 1/16 - 7	6 15/16 - 6⅞	6⅞ - 6⅝	6 11/16 - 6⅝
Danish Krone	9 9/16 - 9 7/16	9⅝ - 9½	9¾ - 9⅝	9¾ - 9⅝	9⅞ - 9¾	9⅞ - 9¾
Asian $Sing	6 - 5⅞	6 - 5⅞	6 1/16 - 5 15/16	6 3/16 - 6 1/16	6 5/16 - 6 3/16	6½ - 6⅜

Long term Eurodollars: two years 6⅞-6⅝ per cent; three years 7 5/16-7 3/16 per cent; four years 7 9/16-7 7/16 per cent; five years 7 13/16-7 11/16 per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice

EXCHANGE CROSS RATES

Sep.9	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C$	B Fr.	ECU
£	1	1.730	2.932	233.5	9.972	2.575	3.302	2190	1.966	60.75	1.426
$	0.578	1	1.695	135.0	5.764	1.488	1.909	1266	1.136	35.12	0.824
DM	0.341	0.590	1	79.64	3.401	0.878	1.126	746.9	0.671	20.72	0.486
YEN	4.283	7.409	12.56	1000.	42.71	11.03	14.14	9379	8.420	260.2	6.107
F Fr.	1.003	1.735	2.940	234.2	10.	2.582	3.311	2196	1.972	60.92	1.430
S Fr.	0.388	0.672	1.139	90.68	3.873	1	1.282	850.5	0.763	23.59	0.554
H Fl.	0.303	0.524	0.888	70.71	3.020	0.780	1	663.2	0.595	18.40	0.432
Lira	0.457	0.790	1.339	106.6	4.553	1.176	1.508	1000.	0.898	27.74	0.651
C$	0.509	0.880	1.491	118.8	5.072	1.310	1.680	1114	1	30.90	0.725
B Fr.	1.646	2.848	4.826	384.4	16.41	4.239	5.435	3605	3.236	100.	2.347
ECU	0.701	1.213	2.056	163.7	6.993	1.806	2.316	1536	1.379	42.60	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

LIFFE LONG GILT FUTURES OPTIONS; LIFFE US TREASURY BOND FUTURES OPTIONS; LIFFE BUND FUTURES OPTIONS; LIFFE EURODOLLAR OPTIONS; LIFFE EURODOLLAR OPTIONS; LIFFE SHORT STERLING OPTIONS

[illegible]

LONDON (LIFFE)

[illegible]

CHICAGO

[illegible]

PARIS

[illegible]

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls December	Calls March	Calls June	Puts December	Puts March	Puts June
104	-	-	-	0.15	0.44	-
105	1.99	-	-	0.29	-	-
106	1.27	1.65	-	0.56	1.04	1.24
107	0.73	-	-	1.03	-	-
Open Int.	90,891	27,908	950	72,674	29,770	4,250

Estimated volume 32,135 Total Open Interest 226,443

POUND - DOLLAR

[illegible]

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Co-operative Bank	10.5	McDonnell Douglas Bnk.	10.5
Allied Trust Bank	10.5	Coutts & Co	10.5	Midland Bank	10.5
AIB Bank	10.5	Cyprus Popular Bk	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Dunbar Bank PLC	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Duncan Lawrie	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Equatorial Bank plc	10.5	Nykredit Mortgage Bank	11.5
Banco Bilbao Vizcaya	10.5	Exeter Bank Limited	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	Financial & Gen. Bank	11	Roxburghe Bank Ltd.	11.5
Bank of Ireland	10.5	First National Bank Plc.	14	Royal Bk of Scotland	10.5
Bank of India	11	● Robert Fleming & Co.	10.5	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	Robert Fraser & Ptnrs.	11	Standard Chartered	10.5
Banque Belge Ltd	11	Girobank	10.5	TSB	10.5
Barclays Bank	10.5	● Guinness Mahon	10.5	Unibank plc	10.5
Benchmark Bank	11	● Hambros Bank	10.5	● United Bk of Kuwait	10.5
Brit Bk of Mid East	10.5	Hampshire Trust Plc	13.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	Heritable & Gen Inv Bnk.	10.5	Western Trust	10.5
CL Bank Nederland	10.5	● Hill Samuel	10.5	Westpac Bank Corp.	10.5
Citibank NA	11	C. Hoare & Co.	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Hongkong & Shanghai	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5		
Comm.Bk.of London Plc	10.5	Lloyds Bank	10.5		
		Meghraj Bank Ltd	10.5		

● Members of British Merchant Banking & Securities Houses Association.

MONEY MARKETS

Further decline

DOWNWARD PRESSURE continued on London money market rates yesterday, following the lack of any definite signal from the Bank of England calling for restraint.

Three-month sterling interbank now virtually discounts bank base rates of 10 per cent, after falling to 10 3/16-10 1/16 from 10 5/16-10 3/16 per cent. One-year money declined to 10 1/16-10 from 10¼-10⅛ per cent.

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

On Liffe short sterling futures showed similar optimism. December rose to 90.25 from 90.17, pointing to a three-month cash rate of 9¾ per cent at delivery.

The Bank of England initially forecast a day-to-day credit shortage of £750m on the cash market, but revised this to £900m at noon and to £950m in the afternoon. Total help of £917m was provided.

Before lunch the authorities bought £193m bills outright, by way of £36m Treasury bills in band 1 at 10⅝ per cent and £157m bank bills in band 1 at 10⅝ per cent. In the afternoon another £659m bills were purchased outright, via £37m Treasury bills in band 1 at 10⅝ per cent; £440m bank bills in band 1 at 10⅝ per cent; and £182m bank bills in band 2 at 10⅝ per cent. Late help of £65m was also provided.

Bills maturing in official hands, repayment of late assistance and a take-up of Treasury bills drained £595m, with the unwinding of repurchase agreements on bills absorbing £816m and bank balances below target £200m. These outweighed exchequer transactions adding £245m to liquidity and a fall in the note circulation of £640m.

In Frankfurt call money rose to 9.10 from 9.05 per cent, in expectation of tighter trading conditions later this week as funds are drained to make seasonal tax payments. Money is also required to pay for a DM3bn bond launched last Thursday by the German postal authority.

Dealers expect the Bundesbank to inject net liquidity at this week's securities repurchase agreement tender as an earlier pact worth DM25bn expires.

In Amsterdam the Dutch Central Bank left its special advances rate at 9.00 per cent when offering a six-day liquidity pact to the commercial banks. This will replace an expiring seven-day facility of Fl 3.48bn.

In Brussels the Belgian National Bank left its seven-day advances rate at 8.95 per cent at a fixed rate tender against government paper and commercial bills.

FT LONDON INTERBANK FIXING

(11.00 a.m. Sep.9) 3 months US dollars		6 months US Dollars	
bid 5⅝	offer 5 11/16	[illegible]	[illegible]

[illegible]

MONEY RATES

[illegible]

LONDON MONEY RATES

[illegible]

LEGAL NOTICES

T N McQueen (Holdings) Limited

Trading name: Diesel Power Services (Doncaster)
Trade classification: 22
Name and address of joint administrative receivers:
David John Stokes and Anthony James Wood
Cork Gully
1 East Parade
Sheffield S1 2ET
Office holder numbers 2882 and 2883
Date of appointment: 30 August 1991
Name of appointer: Lloyds Bank plc

Signed: D J Stokes
Date: 30 August 1991

PERSONAL

AUTHORS Your book published. Details: Excalibur Press of London, 13 Knightsbridge Green, London, SW1X 7QL.

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

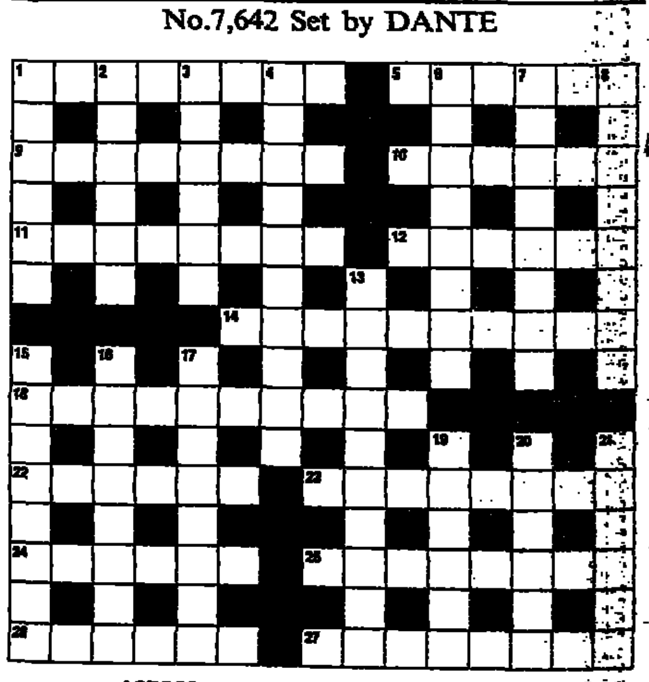
Money Market Bank Accounts

[illegible]

JOTTER PAD

CROSSWORD

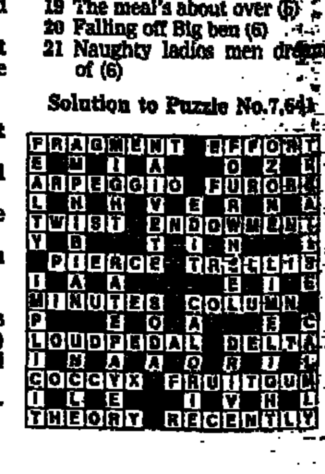
No.7,642 Set by DANTE



ACROSS
1 Once a week (8)
5 You can count on it being at the top of a column (6)
9 They lead off, passionately (8)
10 Bills going to one receiving a shrub (6)
11 Such confidence could be real nice (8)
12 Braved could be, but isn't (6)
14 Revolver carried in one's boot as a precaution? (5,5)
18 Wondering what to do with main meal I'd prepared (2,1,7)
22 A bad mark for the errant magistrate lacking rebuke (6)
23 Not enough for a lot? (8)
24 Links with a silken product (6)
25 Reproduction of a man's oil painting (4,4)
26 One takes pains to please him (6)
27 How slowly one travelled in olden days (2,6)

DOWN
1 First sign of spring has arrived, let's have a ball (6)
2 Almost noon and in good time (6)
3 He cometh in play or cinema production (6)
4 Hovercraft for the police, right? (10)
6 Face up? Quite the opposite (4,4)
7 Tap observed to be crooked (4-4)
8 The security of a good riding habit (4-4)
13 Restored my poor torn cape (10)
15 A girl lies about weapons (8)
16 Father, when arrested, showed agitation (8)
17 Am silent about complaints (8)
19 The meal's about over (6)
20 Falling off Big ben (6)
21 Naughty ladies men dream of (6)

Solution to Puzzle No.7,641



WORLD STOCK MARKETS

AUSTRIA

FRANCE (continued)

GERMANY (continued)

NETHERLANDS

SWEDEN (continued)

SWITZERLAND

NORWAY

SPAIN

SOUTH AFRICA

SWEDEN

AUSTRALIA (continued)

DENMARK

FINLAND

FRANCE

ITALY

GERMANY

JAPAN

HONG KONG

AUSTRALIA

MALAYSIA

SINGAPORE

Price data supplied by Telekurs

CANADA

TORONTO

3:00 pm prices September 9

Quotations in cents unless marked $

MONTREAL

3:00 pm prices September 9

Total Sales 6,650,000 shares

INDICES

NEW YORK

DOW JONES	Sep 6	Sep 5	Sep 4	Sep 3	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
ϕIndustrials	3011.63	3008.50	3008.50	3017.67	3055.23 (28/8)	2470.30 (9/1)	3055.23 (28/8/91)	41.22 (2/7/32)
Home Bonds	96.18	96.13	96.12	96.11	96.29 (29/8)	91.30 (16/1)	96.29 (29/8/91)	54.99 (1/10/81)
Transport	1174.72	1183.00	1190.06	1196.76	1241.89 (3/6)	894.30 (7/1)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	206.25	206.50	207.25	207.12	220.89 (16/4)	195.17 (10/7)	236.23 (2/1/90)	10.50 (8/4/32)

ϕDay's High 3033.32 (3031.98) Low 2987.48 (2989.71)

STANDARD AND POOR'S

	Sep 6	Sep 5	Sep 4	Sep 3	1991 HIGH	1991 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	389.10	389.14	389.97	392.15	396.64 (28/8)	311.49 (9/1)	396.64 (28/8/91)	4.40 (1/6/32)
Industrials	462.08	462.31	463.46	466.39	472.01 (29/8)	364.90 (9/1)	472.01 (29/8/91)	3.62 (21/6/32)
Financial	31.57	31.42	31.49	31.62	32.24 (14/8)	21.96 (9/1)	35.24 (9/10/89)	8.64 (1/10/74)
NYSE Composite	213.51	213.47	213.95	215.13	217.17 (28/8)	170.97 (9/1)	217.17 (28/8/91)	4.46 (25/4/42)
Amex Mkt. Value	369.70	369.36	369.99	371.52	373.40 (18/4)	296.72 (14/1)	397.03 (10/10/89)	29.31 (9/12/72)
NASDAQ Composite	516.94	516.93	517.92	520.91	526.39 (29/8)	355.75 (14/1)	526.39 (29/8/91)	54.87 (31/10/72)

	Aug 30	Aug 23	Aug 16	year ago (approx.)
Dow Industrial Div. Yield	3.01	3.01	3.08	4.16
	Sep 4	Aug 28	Aug 21	year ago (approx.)
S & P Industrial div. yield	2.70	2.63	2.69	3.24
S & P Ind. P/E ratio	21.33	21.71	21.35	15.47

NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Closing price	Change on day
Amer T & T	7,581,900	39⅛	..
Pepsico	3,367,500	29⅛	- ⅛
Limited Inc	3,975,000	25	- ⅜
Boeing	3,024,500	52⅛	+ ⅛
Fleet/Norstar	2,100,100	24⅜	+ ½
K Mart	1,848,200	42⅞	- ⅝
Gen Electric	1,802,500	71	- 1¼
Syntex	1,711,700	43⅞	+ ⅞
Salomon Inc	1,547,300	24	....
Pfizer	1,435,300	68⅛	+ 3

TRADING ACTIVITY

† Volume (Millions)	Sep 6	Sep 5	Sep 4
New York SE	166.410	162.250	158.381
Amex	11.924	11.298	11.657
NASDAQ	149.328	167.422	154.069
NYSE			
Issues Traded	2,080	2,070	2,070
Rises	759	694	560
Falls	793	849	1,021
Unchanged	528	527	489
New Highs	74	35	48
New Lows	9	12	11

CANADA

TORONTO	Sep 6	Sep 5	Sep 4	Sep 3	1991 HIGH	1991 LOW
Metals & Minerals	3026.10	3034.07	3022.42	3031.96	3299.99 (18/7)	2632.06 (9/1)
Composite	3488.30	3485.50	3486.80	3504.86	3582.07 (7/6)	3161.95 (15/1)
MONTREAL Portfolio	1851.13	1851.51	1849.57	1857.33	1903.86 (7/6)	1686.89 (9/1)

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Sep 9	Sep 6	Sep 5	Sep 4	1991 HIGH	1991 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1564.6	1571.8	1571.7	1566.7	1591.3 (7/8)	1204.5 (16/1)
All Mining (1/1/80)	663.9	667.4	665.9	666.4	707.2 (24/7)	561.6 (16/1)
AUSTRIA						
Credit Aktien (30/12/84)	475.50	480.13	480.45	474.41	534.91 (16/4)	390.84 (15/1)
BELGIUM						
BEL20 (1/1/91)	1130.22	1135.29	1140.05	1144.08	1212.15 (17/4)	917.59 (17/1)
DENMARK						
Copenhagen SE (3/1/83)	370.63	371.53	372.13	372.48	380.04 (2/8)	302.26 (8/1)
FINLAND						
HEX General (28/12/90)	935.3	941.6	946.8	950.2	1186.9 (8/4)	890.5 (23/1)
FRANCE						
CAC General (31/12/82)	490.56	492.33	488.88	488.54	494.95 (12/6)	394.88 (15/1)
CAC 40 (31/12/87)	1855.88	1860.39	1868.67	1860.82	1874.81 (11/6)	1425.26 (15/1)
GERMANY						
FAZ Aktien (31/12/58)	678.37	663.00	681.57	681.92	717.43 (17/6)	570.46 (15/1)
Commerzbank (1/12/53)	1911.10	1926.1	1923.5	1923.1	2035.2 (31/5)	1612.5 (15/1)
DAX (30/12/87)	1633.06	1648.18	1647.17	1647.91	1715.80 (11/6)	1311.82 (16/1)
HONG KONG						
Hang Seng Bank (31/7/64)	3940.54	3970.91	3990.16	4006.45	4079.01 (14/8)	2984.01 (16/1)
IRELAND						
ISEQ Overall (4/1/88)	1451.92	1451.52	1453.97	1453.83	1520.66 (15/3)	1114.86 (25/1)
ITALY						
Banca Com. Ital. (1972)	549.39	553.55	555.29	556.81	619.38 (3/6)	486.26 (29/1)
JAPAN						
Nikkei (16/5/49)	22573.98	22692.60	22499.65	22402.69	27146.91 (18/3)	21456.76 (19/8)
Tokyo SE (Topix) (4/1/68)	1758.58	1763.36	1749.39	1739.69	2028.85 (18/3)	1625.00 (17/1)
2nd Section (4/1/68)	2757.79	2750.99	2742.14	2748.03	3423.45 (10/5)	2473.52 (24/1)
MALAYSIA						
KLSE Composite (4/4/86)	559.16	557.92	562.50	561.83	635.02 (29/5)	470.41 (16/1)
NETHERLANDS						
CBS Tti Rtn Gen (End 1983)	281.3	282.1	283.0	282.0	284.8 (5/6)	221.4 (16/1)
CBS All Shr (End 1983)	199.5	200.5	201.1	200.4	203.1 (5/6)	162.3 (16/1)
NORWAY						
Oslo SE (Ind) (2/1/83)	768.66	771.54	774.31	774.96	795.53 (26/8)	610.45 (21/1)
PHILIPPINES						
Manila Comp (2/1/85)	958.75	1003.22	1014.44	1013.80	1183.40 (29/5)	582.64 (10/1)
SINGAPORE						
SES All-Singapore (2/4/75)	388.47	387.73	388.27	388.55	422.43 (26/4)	315.07 (16/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	1184.0	1164.0	1154.0	1168.0	1469.0 (5/7)	971.0 (25/2)
JSE Industrial (28/9/78)	4198.0	4190.0	4143.0	4123.0	4198.0 (9/9)	2829.0 (16/1)
SOUTH KOREA**						
Korea Comp Ex (4/1/80)	689.25	674.94	674.81	683.54	763.10 (6/8)	590.57 (22/6)
SPAIN						
Madrid SE (30/12/85)	272.30	273.55	274.35	274.62	289.22 (18/3)	213.70 (14/1)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	1063.80	1062.10	1065.0	1061.5	1149.8 (11/7)	888.4 (8/1)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	(c)	762.63	764.2	763.3	769.2 (29/8)	590.4 (14/1)
SBC General (1/4/87)	(c)	627.5	629.0	638.9	638.0 (31/5)	487.1 (14/1)
TAIWAN**						
Weighted Price (30/6/66)	4707.80	4624.83	4499.50	4508.26	6305.22 (9/5)	3316.26 (15/1)
THAILAND						
Bangkok SET (30/4/75)	734.07	728.51	723.06	723.71	908.13 (19/4)	582.48 (16/1)
WORLD						
M.S. Capital Intl (1/1/70) ($)	507.2*	504.5	504.1	504.4	529.2 (17/4)	439.1 (16/1)

*Saturday September 7. Taiwan Weighted Price 4709.50 Korea Comp Ex. 681.90.
**Calculated at 15.00 GMT.
‡ Subject to official recalculation
Base values of all indices are 100 except: BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500. (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Monday 9 September 1991

	Stocks Traded	Closing Prices	Change on day
Osaka Gas	9.6m	671	+1
Sanwa Bank	7.7m	2,200	-30
Kumagai Gumi	6.5m	752	+8
Nomura Sec.	6.0m	1,650	-30
Nippon Steel	5.7m	426	-10
Hitachi Zosen	5.2m	681	-13
NKK	4.2m	400	-5
Meiji Seika	4.1m	929	-13
Nippon Carbon	3.9m	1,470	+120
Mitsubishi Heavy	3.7m	734	0

LEGAL NOTICE

A YEATS & SONS LIMITED
R B DISTRIBUTORS (BRIGHTON) LIMITED
CATERCRAFT (SUSSEX) LIMITED
JEHA (CATERING EQUIPMENT) LIMITED
PANACEA GROUP LIMITED
CATERCRAFT GROUP LIMITED
(FORMERLY PANACEA SERVICES LIMITED)
(ALL RECEIVERSHIP)

NOTICE IS HEREBY GIVEN, pursuant to section 48(2) of the Insolvency Act 1986, that a meeting of the unsecured creditors of the above named companies will be held at Cork Gully, 9 Greyfriars Road, Reading RG1 1JG at 11:00 am on Thursday 19 September 1991 for the purpose of having laid before it a copy of the report perpared by the Administrative Receivers under Section 48 of the said Act. The meeting may, if it thinks fit, establish a committee to exercise the functions conferred on creditors' committees by or under the Act.

Creditors are only entitled to vote if

(a) they have delivered to me at the address shown below, no later than 1200 hours on Wednesday, 18 September 1991, written details of the debts they claim to be due to them from the company, and the claim has been duly admitted under the provisions of Rule 3.11 of the Insolvency Rules 1986, and

(b) there has been lodged with me any proxy which the creditor intends to be used on his behalf

Please note that the original proxy signed by or on behalf of the creditor must be lodged at the address mentioned; photocopies (including faxed copies) are not acceptable

Date 2/9/91
Joint Administrative Receiver

Address to which proxies should be delivered:

N J Vooght
Cork Gully
9 Greyfriars Road
Reading, Berkshire RG1 1JG.

3:15 pm prices September 9

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1991 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Close Prev.
40	33¼	BankAm A	3.47	0.09		47	39¼	39	39	-¼
69½	56½	BankAm B	6.00	0.09		58	68	67½	67½	
61¼	39½	Bankers Tr	2.54	0.04	7	936	57⅛	57	57¼	-⅜
36	25½	Barcls ADR	1.76	0.06	16	3	32½	32½	32	
28⅞	14⅞	Bard (C R)	0.48	0.02	26	570	24¾	24¼	24½	-¼
38⅝	25	Barnes Grp	1.40	0.04	14	5	35	35	35	
38⅜	15½	Barnett Bk x	1.32	0.04	28	490	32¼	32⅛	32⅛	-⅛
8⅞	4⅞	Baroid	0.20	0.03	15	638	6½	6⅜	6⅜	
10⅝	6⅞	Battle Mt	0.10	0.01	46	3808	7⅜	7½	7⅜	+⅛
55¼	31¾	Bausch Lmb x	0.72	0.02	19	462	46¼	45⅞	46⅛	+⅛
44⅛	35⅝	Baxter Pf x	3.63	0.09		35	42	41⅝	41⅝	-⅛
37⅛	25⅝	Baxter x	0.74	0.02	17	9711	34	32¾	33¼	-1⅜
21½	18⅝	Bay St Gas	1.34	0.06	12	40	20½	19⅞	20⅛	+¼
22	20	Bd Tr 1833	1.86	0.08		54	21½	21⅜	21⅜	-¼
15¾	8.95	Bear Strns	0.60	0.04	10	1057	14¼	14	14	-⅛
39	35½	BearStPIA	3.60	0.10		2	37	37	36	-1
23⅞	16¾	Bearings	0.64	0.03	35	39	21⅜	21½	21½	-⅛
13⅛	3⅞	Beazer ADR				142719	6⅞	6½	6⅛	-⅛
20⅝	13⅞	Beckman In	0.28	0.01	15	165	20	19⅞	19⅞	-¼

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

1991 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
25⅝	22¼	RoyBkScot x	2.61	0.11		135	24⅞	24⅝	24⅝	-⅛
84¾	73⅛	RylDutch	4.23	0.05	10	2616	82⅛	81½	82	+⅝
11	7½	Royce Val				126	9⅞	9¾	9¾	
69¼	37	Rubbermaid	0.60	0.01	29	532	58½	58	58⅛	-⅛
16⅝	13½	Ruddick x	0.75	0.05	13	70	15¾	15½	15¾	
18¾	13	RussBerrie	0.60	0.03	16	51	17½	17½	17½	+¼
7⅛	4	Russ Togs	0.20	0.04	1	2	5	4⅞	4⅞	-⅛
29⅝	19¾	Russell Cp	0.32	0.01	23	140	28⅞	28⅝	28⅝	-⅜
21⅝	14	Ryder Syst x	0.60	0.03	25	775	18	17⅞	17⅞	
25¾	13¾	Ryland Grp	0.60	0.03	36	40	22⅛	22	22	-⅛

\- S -

1991 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
25½	20⅞	S Anita Rlt	2.08	0.08	20	6	25⅝	25½	25⅝	+⅛
15¾	11½	SCOR US Cp	0.24	0.02	7	10	13¾	13⅝	13⅝	-⅛
37	20¾	SPS Techno x	1.28	0.05	12	23	26⅞	26½	26¾	+¼
2⅛	¾	SaatchiAS				01060	⅞	⅝	⅞	
13	11	Sabine Rlt	1.32	0.11	7	157	12⅛	11⅞	11⅞	-¼
9⅞	6⅞	Safecard	0.16	0.02	7	114	8½	8¼	8⅜	
13⅜	8⅝	Safeg'd Sc			3	13	11⅜	11⅜	11⅜	
37	25	SafetyKln x	0.32	0.01	27	1845	28⅛	28	28⅛	-⅛
21⅝	11⅞	Safeway			17	846	18½	18¼	18⅜	
4⅞	2⅞	SafewayW98				382	4	3⅞	4	
35⅞	25⅞	StJoePaper x	0.20	0.01	34	42	31¼	31¼	31¼	-¼
34¼	26⅝	StJosL&P	1.88	0.05	12	4	32⅞	32⅝	32⅞	+¼
4⅛	1½	Salant Crp			0	24	3	2⅞	2⅞	
69⅞	45⅞	Sallie Mae x	0.60	0.01	19	6305	65¼	64½	64⅞	-1⅛
13⅝	10⅜	Salomon Br	0.60	0.04		206	13⅜	13¼	13⅜	+⅛
37	22¼	Salomonlnc x	0.64	0.03	6	19178	24½	23½	24¼	+¼
[illegible]										

1991 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
9⅛	4½	TCBY Enter	0.40	0.08	13	[illegible]				
18⅞	7	TCF Financ	0.40	0.02	9	[illegible]				
8⅝	6⅞	TCW Conv S	0.84	0.10	[illegible]					
46⅞	29⅞	TDK Corp A	0.31	0.01	31	[illegible]				
9½	6⅝	T I S Mge x	1.32	0.14	8	[illegible]				
20⅞	9⅞	TJX Cos	0.46	0.03	16	[illegible]				
21	16½	TNP Enterp	1.63	0.08	11	[illegible]				
46¼	34½	TRW Inc	1.80	0.04	18	[illegible]				
1½	⅞	TacomaBoat			0	[illegible]				
28¼	18⅛	Taiwan Fd	[illegible]							
8¼	4½	Talleyind	0.20	0.04	0	[illegible]				
11⅜	7	Talley Pf	1.00	0.13	z1[illegible]					
59½	38⅝	Tambrands x	1.20	0.02	22	[illegible]				
18⅞	9¾	Tandem				1912	[illegible]			
36½	23⅞	Tandy Corp	0.60	0.02	10	[illegible]				
12⅞	10⅞	Taurus Mun x	0.85	0.07	[illegible]					
36⅝	31½	Teco Energ	1.72	0.05	14	[illegible]				
30⅞	16⅜	Tektronix	0.60	0.02	17	[illegible]				
1⅞	⅞	Telecom Co			9	[illegible]				
24⅝	14⅞	Teledyne	0.80	0.04	301[illegible]					
30⅛	24⅝	TeleEspSA	1.41	0.05	42[illegible]					
38½	24½	Telmex ADR	[illegible]							
49⅞	28½	Templeinl	0.68	0.02	13	[illegible]				
19⅞	11½	TempltEmMk	0.16	0.01	[illegible]					
9⅝	8⅞	TempltGlob	0.84	0.09	[illegible]					
8⅞	7⅞	TempltGlFd	0.84	0.10	[illegible]					
52	33½	Tennecolnc	3.20	0.06	27	[illegible]				
22	16⅝	Teppco Pts	2.20	0.11	17	[illegible]				
14⅞	8⅛	Teradyne				68	[illegible]			
14¾	7½	Terex	0.08	0.01	12	[illegible]				
[illegible]										

\- U -

[illegible]

\- V -

[illegible]

\- W -

[illegible]

\- X - Y - Z -

1991 High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]										
9⅞	5½	ZenithElec				1	62	5⅞	5¾	5⅞ +⅛
18½	12	Zenith Nat x	1.00	0.06	97	14	16¾	16⅝	16⅝	-⅛
6¼	4½	Zenix Inc	0.84	0.14		50	5⅞	5⅞	5⅞	-⅛
16⅛	10⅞	Zero Corp	0.40	0.03	17	64	14⅞	14⅜	14½	-½
41⅞	28½	Zurn Ind x	0.88	0.02	15	154	37	35⅝	37	+⅛
13½	10¾	Zweig Fund	1.12	0.09		119	12¼	12	12⅛	
10¼	8½	Zweig Tot x	0.96	0.10		336	10⅛	10	10	-⅛

Price data supplied by Telekurs.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3:00 pm prices September 9

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							
Pegasus G		7	132	11½	11⅜	11⅜	
Perini		7	25	11	10⅞	11	+½
Pet HRP x	0.31	12	23	10	10	10	-⅛
Phil LD x	0.17	8	1255	20	19¼	19¼	-2⅛
Pittway A	0.70	9	14	22⅞	22⅞	22⅞	-⅛
Ply Gem	0.12	162	200	8¼	7⅞	8⅛	+¼
[illegible]							

NASDAQ NATIONAL MARKET

3:00 pm prices September 9

\- A - through - W -

[illegible]

\- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Xilinx		37	269	30¼	29½	29¾	-⅛
XL Data		33	32	11⅜	11	11	-⅜
Xoma Corp		9	10079	18¼	17½	18	+½
Yellow Fr	0.94	15	220	30	29½	29⅝	-⅜
York Rsch		67	1971	8⅛	7½	8⅛	+⅜
ZionsUtah	1.44	9	24	48½	47	47	-¼

AMERICA

Dow eases as market waits for Fed move

Wall Street

SHARE PRICES traded in a narrow range, slightly below opening values yesterday morning, as the market waited for the Federal Reserve to move on interest rates, *writes Patrick Harverson in New York.*

By 1.30 pm the Dow Jones Industrial Average was down 9.62 at 3,002.01, having been only a few points lower all morning and with the 3,000 mark acting as a temporary floor.

The more broadly based Standard & Poor's 500 was also *modestly weaker, dropping 1.07* to 383.03 by 1 pm, while the Nasdaq composite of over-the-counter stocks eased 0.25 to 516.69.

Volume on the NYSE was very light at 66m shares, with many market participants absent because of the Jewish New Year holiday.

All eyes remained on the Fed and monetary policy. *Although* hopes remained high that the discount rate would be cut from 5.5 per cent to 5 per cent, *much of the impact of lower* rates on the economy and corporate earnings has already been factored into stock prices.

Figures out later this week are likely to show a further easing of inflationary pressure, and could provide the trigger for the rate cut, but what investors need now is strong signs of improved business conditions and a healthier outlook for company profits.

Among individual stocks, IBM bucked the overall trend with a gain of $1⅛ to $100½ as investors looked forward to the launch of a second joint venture with Apple Computer to operate in the business of multi-media computing. Apple, which trades over the counter, firmed $¾ to $52¼ in active trading.

On the heels of the IBM gains, two other big technology stocks were firmer, with Hew*lett-Packard up $⅜ at $51 and* Compaq $⅛ higher at $34⅞. Digital Equipment, however, eased $⅛ to $61¼ and Motorola gave up $½ to $65½. Unisys was unchanged at $5⅝.

Baxter International fell $1⅞ to $33¼ in heavy trading on the news that Federal authorities are investigating whether the company gave kickbacks to doctors to increase its Medicare revenues for home health products.

Hauser Chemical soared $4⅝ to $20⅝ on hopes that the drug company's roadshow to promote a secondary stock offering will go down well with prospective investors. One of Hauser's main products is Taxol, a drug used in the treatment of ovarian cancer.

The strength of Hauser helped another drug company. *Escagenetics, which has developed* a synthetic form of Taxol that it has considered marketing jointly with Bristol-Myers Squibb, jumped $⅞ to $9⅝ on the American Stock Exchange. Bristol-Myers was unchanged at $56¼.

Summagraphics plummeted $1½ to $8⅜ after it projected a loss for its first quarter, which *ended on August 31. The com*pany said revenues had been badly hit by the recession.

Advanced Polymer climbed $⅝ *to $6¼ as investors bought* the stock in the wake of upbeat comments about the company by the head of a fund run by Shearson Lehman Brothers, the securities house.

Canada

TORONTO stocks were flat at midday in lethargic trading, after recovering from a slight downturn early in the session. The composite index lost 3.4 to 3,484.9. Declining issues led advances by 176 to 156 on volume of 9.5m shares valued at C$102.4m.

Among active issues, Beau Canada class A shares rose 5 cents to 47 cents, Dylex class A eased 20 cents to C$4.20, Trans-Canada Pipelines slipped C$⅛ to C$16¼ and Triton dropped 5 cents to 80 cents.

Among gold shares, Placer Dome was flat at C$13⅝, Teck *Corp class B shares eased C$⅛* to C$20¼, American Barrick fell C$⅛ to C$26, Echo Bay slipped C$⅛ to C$9¾ and Corona class A eased C$⅛ to C$8¼.

ASIA PACIFIC

Bankruptcy rumours reverse Nikkei's early advance

Tokyo

RUMOURS OF a bankruptcy depressed the stock market yesterday, reversing an initial advance for the Nikkei, *writes Emiko Terazono in Tokyo.*

The index closed at the session's low of 22,573.98, down 118.62, after setting a day's high of 22,954.24 at the end of morning trading. Buying by foreigners and dealers on hopes of an imminent discount rate cut prompted an early rally, but arbitrage-related selling later helped to push the Nikkei into negative territory.

Volume fell to 300m shares from Friday's 650m. Activity petered out as institutional investors failed to follow the foreigners' morning lead.

Rises still led declines by 512 to 444 at the close, with 185 issues unchanged. The Topix *index of all first section stocks* shed 4.78 to 1,758.58 but, in London trading, the ISE/Nikkei 50 index rose 3.93 to 1,332.32.

Two construction companies listed on the second section, Dia Kensetsu and its affiliate, Daiwa Construction, held a joint press conference after the market had closed to deny rumours that the companies were facing financial difficulties. Market participants have become increasingly nervous over bankruptcies of listed real estate and construction companies, after the recent failure of Maruko, the condominium developer which is listed on the over-the-counter market.

Daiwa Construction closed at an offered price of Y920, down by the daily loss limit of Y200, and Dia Kensetsu, Daiwa's top shareholder, dropped the daily limit of Y300 to Y1,650.

Large-capital shares fell on profit-taking, Nippon Steel by Y10 to Y426. Interest focused on high-priced small-capital issues such as TDK, Y30 ahead at Y5,430.

Hazama and Kumagai Gumi, both leading contractors, advanced on speculation that they might be adopted as com*ponent issues of the Nikkei 225* index. The Nihon Keizai Shimbun, the publisher of the index, plans to reshuffle the component stocks next month. Hazama climbed Y49 to Y860 and Kumagai Gumi gained Y8 to Y752.

In Osaka, the OSE average rose 104.79 to 24,970.52 in volume of 27.7m shares. Chemicals and pharmaceuticals gained, while machineries and high-technology issues fell on profit-taking. Nintendo, the video game maker, gained *Y200* to Y13,000 on broadly based buying. Investors were encouraged by last week's settlement of most of its margin positions.

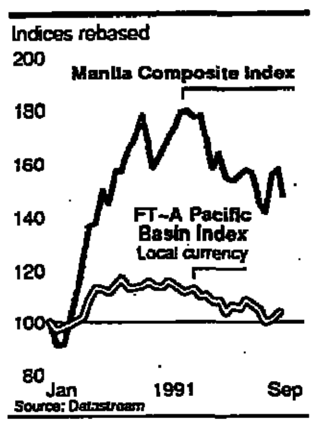
Roundup

THE PACIFIC region was mostly lower yesterday.

MANILA dropped 4.4 per cent, its worst decline for nearly three months, as investors unloaded positions on fears of an imminent rejection by the Philippine Senate of the US bases treaty, which would permit the US to continue operating military posts in the Philippines for another 10 years.

The composite index lost 44.47 to 958.75 in turnover up from 123m to 143m pesos. It dropped 46.53 on June 17, following the eruption of Mount Pinatubo.

Today, the Manila and Makati stock exchanges will shorten their trading time to allow members to take part in a demonstration advocating the ratification of the treaty.



Source: Datastream

HONG KONG fell prey to afternoon selling on renewed talk that the health of Deng Xiaoping, the Chinese leader, was failing. The Hang Seng index had risen 14 points but then dropped to close a net 30.37 down at 3,940.54. Turnover improved to HK$1.06bn from HK$965m.

Citic Pacific, the locally listed arm of Beijing's China International Trust and Investment Corp, led the active stocks as it climbed 11 cents to HK$1.92 in the wake of its success in buying the trading group Hang Chong.

NEW ZEALAND only rose *slightly*, the NZSE-40 index ending 4.52 higher at 1,429.75 on low turnover of about NZ$7.9m; but the National Bank's cut in base lending rate, by one percentage point to 12.75 per cent, was expected to be good for sentiment.

AUSTRALIA drifted lower in quiet trading. The All Ordinaries index slipped 7.3 to 1,564.5 in turnover of A$105m, after Friday's A$522m that was bloated by block trades. Banks lost ground, National Australia Bank easing 2 cents to A$7.18 as it made staff cuts to reduce costs. ANZ dipped 5 cents to A$3.85 after saying it was also reviewing staff numbers.

TAIWAN ended mixed in active dealings in spite of interest rate hopes, the weighted index easing 1.7 to 4,707.80 after an 85-point gain on Saturday. Turnover, however, rose from T$24.2bn to T$29.4bn.

KUALA LUMPUR surrendered early morning gains to profit-taking as year-end results for Sime Darby, Malaysia's biggest conglomerate, came within expectations. The composite index rose as high as 562.98 before closing just 1.24 up on balance at 559.16 after turnover of M$92.8m, against M$113m.

Malayan United Manufacturing, which resumed trading after announcing a takeover bid for Inter-pacific Industrial Group, led the actives with 4.6m shares changing hands. It jumped 24 cents to M$2.02.

SINGAPORE was little changed. The Straits Times Industrial index closed 0.58 higher at 1,421.00 in volume of S$64m (S$94m). SEOUL was lifted by reports about improving cash-flow situations at some small and medium-sized companies. The composite index ended at 689.25, up 7.35, in turnover of Won252.9bn.

BANGKOK's turnover rose from Bt3.7bn to Bt4.8bn in a volatile session involving smaller companies, and several rounds of profit-taking. The SET index gained 5.56 to 734.07.

BOMBAY, closed to enable brokers to complete the last two weeks' business, reopens today.

EUROPE

Renewed Soviet debt fears depress German bank sector

BOURSES EDGED lower yesterday, with Soviet debt fears upsetting the German banking sector, *writes Our Markets Staff.*

FRANKFURT reacted to renewed fears over the ability of the Soviet Union to maintain foreign debt repayments. Banks dropped, with Commerzbank and Dresdner showing the biggest falls, of DM6 to DM248.50 and DM8 to DM344 respectively. Deutsche Bank closed DM8.30 lower at DM647.

Mr Christopher Davis, banking analyst at Barclays de Zoete Wedd, thought this an exaggerated response. Deutsche Bank, he said, had made provisions against at least 70 per cent of its Soviet debt; other brokers revised this upward to 80 per cent at the time of the bank's interim *report.*

Commerzbank, at the same stage, had made no provisions on this score. Mr Davis says that, by then, Commerzbank had one major Soviet debt outstanding and that this was from the Soviet Bank for Foreign Trade, which would be *inclined to service its debt just* to stay in business.

FT-SE Eurotrack 100 - Sep 9

Hourly changes							
Open	10 am	11 am	Noon	1 pm	2 pm	3 pm	Close
1118.14	1117.71	1116.79	1116.88	1116.19	1116.19	1116.67	1116.88

Day's High 1118.54 Day's Low 1115.51

Sep 6	Sep 5	Sep 4	Sep 3	Sep 2
1124.68	1126.92	1125.48	1128.91	1126.81

Base value 1000 (26/10/90).

The DAX index ended on its intraday low of 1,633.06, down 13.12, after a 4.63 fall to 678.37 in the FAZ at midsession. Volume rose from DM3bn to DM3.2bn.

Among retailers, Massa dropped DM10 to DM250 on *large selling orders from the* UK. In steels, the excitements last week settled down: Hoesch, the centre of the takeover speculation, fell only DM1 to DM305.50, but Klöckner-Werke, whose name had been linked with Hoesch, dropped DM4 to DM146 and Mannesmann by *DM3 to DM276.*

PARIS was enlivened by some takeover speculation, as the market slipped in light trading after sticking within a narrow range throughout the day. The CAC 40 index lost 4.51 to 1,855.88.

Attention was seized by CCF, the bank, which rose to a *day's high of FFr184.90, before* closing FFr4.50 or 2.6 per cent higher at FFr180 in heavy volume of 374,630 shares. Takeover rumours were stoked up by a French newspaper report, which said that Société Central d'Investissements (SCI) and Mr Raul Gardini, CCF's leading shareholders, were interested in taking control of the bank. Mr Jean-Marc Vernes, SCI chairman, yesterday denied the report.

LVMH, the luxury goods group, fell another FFr52 to FFr4,009 after the Vuitton family sold part of its holding last week. The stock fell FFr39 on Friday.

MILAN closed lower in thin, uncertain *trading. The Comit* index fell 4.16 to 549.39 in turnover estimated at around L50bn after L60bn on Friday.

After the close the stock market watchdog, Consob, said the settlement of the August bourse account, delayed since August 30 because of an L85bn stock scandal, would take *place today.* Dealers had been worried that the delay in the August settlement would lead to a similar postponement in the September trading month.

Fiat, which is due to release its interim results on September 26, closed L85 down at L5,520 while Generali dropped L295 to L29,975.

STOCKHOLM was little changed in thin volume as investors stayed at the sidelines ahead of the general election on Sunday. The Affärsvärlden General index was 1.7 higher at 1,063.8 in turnover of SKr283m, down from SKr333m.

AMSTERDAM recouped most of its early losses. The CBS tendency index, which fell *to 92.0 in the morning, closed* 0.2 down at 92.4. Heineken, the brewer, was steady at Fl 149 after reporting interim results at the low end of expectations late on Friday.

MADRID's general index eased 1.05 to 272.30. Thin turnover of about Pta8bn was concentrated in a few stocks. Telefónica rose Pta8 to Pta1,000 in volume of 1.12m shares, and Endesa added Pta10 to Pta2,670 in 1.08m shares, which included a block of about 1m at Pta2,655 each.

VIENNA closed firmer in quiet trading. The 18-share ATX index rose 8.15 to 1,150.09.

One of the day's biggest winners was Länderbank preferred, suspended since last Wednesday during talks on finalising a merger with Zentralkasse. Länderbank gained Sch34 to Sch540.

ISTANBUL's 75-share index fell below the 3,000 level, losing 41.72 to 2,971.48. The ATHENS general index dropped 27.08 or 2.7 per cent to 960.71.

ZURICH was closed for a local holiday. Geneva prices are displayed on the World Stock Markets prices page.

SOUTH AFRICA

A RALLY in world gold and platinum prices lifted Johannesburg's all-gold index by 20 to 1,184, while the industrial index recorded a new closing high of 4,198, up 8. The all-share index added 12 to 3,439 on demand for quality shares.

Interest rate prospects keep world steady

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1991	Start of 1991	Start of 1991
Austria	+3.61	+6.13	−8.10	+7.81	+5.70	−7.01
Belgium	+0.74	−1.15	+2.35	+12.92	+11.12	−2.24
Denmark	−0.59	−1.66	+9.83	+25.51	+22.92	+8.15
Finland	−0.12	−3.59	−8.94	+8.17	+5.36	−7.30
France	+0.04	+4.42	+13.72	+21.17	+19.16	+4.84
Germany	−0.25	+0.84	+1.63	+13.03	+10.92	−2.40
Ireland	+0.90	+2.79	+19.24	+21.62	+19.72	+5.33
Italy	−0.26	−2.90	−10.08	+5.70	+4.89	−7.73
Netherlands	+0.62	+0.71	+11.55	+20.61	+18.36	+4.15
Norway	−2.15	−1.26	−17.66	+12.38	+10.66	−2.64
Spain	+0.19	+1.45	+12.27	+22.28	+22.63	+7.88
Sweden	−2.66	−0.23	+4.81	+32.05	+33.90	+17.80
Switzerland	−0.85	−0.78	+13.72	+24.15	+18.11	+3.91
UK	+0.96	+4.18	+26.02	+24.66	+24.66	+9.68
EUROPE	+0.35	+2.33	+13.92	+20.37	+19.13	+4.81
Australia	+2.04	−0.87	+9.40	+24.48	+44.27	+26.94
Hong Kong	−0.72	−1.45	+33.26	+34.91	+54.16	+35.62
Japan	+1.53	−1.75	−1.16	+2.74	+16.39	+2.40
Malaysia	+0.58	−3.12	−2.96	+0.50	+11.22	−2.14
New Zealand	+0.37	−2.54	−17.87	+9.74	+23.46	+8.59
Singapore	+1.34	−0.48	+12.82	+22.49	+41.05	+24.10
Canada	−1.06	−0.38	+3.44	+4.88	+21.41	+6.81
USA	−1.66	+0.49	+22.23	+18.46	+34.65	+18.46
Mexico	−0.33	+11.73	+152.46	+113.88	+135.48	+107.18
South Africa	+2.48	−1.86	+13.09	+25.80	+50.78	+32.65
WORLD INDEX	−0.05	+0.16	+11.61	+13.80	+34.65	+9.79

† Based on September 6th 1991. Copyright, The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities

By Jacqueline Moore

INTEREST RATE prospects produced a rally in Japan and a decline in the US last week, leaving the world's stock markets barely changed overall. The FT-Actuaries World Index eased 0.05 per cent in local currency terms.

Japan responded with enthusiasm to a fall in short-term interest rates, which encouraged hopes of a cut in the discount rate. On Friday, daily trading volume in Tokyo passed 600m shares for the first time in 10 weeks.

In contrast, the American market was worried early last week that evidence of an improving economy would prevent an interest rate reduction. Wall Street, shut on Monday for Labor Day, fell sharply on Tuesday and marked time for the rest of the week.

Elsewhere, an actual interest rate cut, rather than the mere prospect of one, lifted Australia, while South Africa firmed on demand for quality shares in a thin market.

Within Europe, it was left to the smaller European markets to produce the week's excitement. All the Scandinavian markets moved lower, with Sweden and Norway showing the worst losses.

UBS Phillips & Drew says the crisis in the Swedish financial and property sectors is one of the causes of concern. "More casualties will follow, as high leveraged property holdings are facing sharp downgradings of valuation," says UBS, adding that last week saw the first bankruptcy – of Njord AB – in the insurance sector since 1913.

The broker also expects that political uncertainty, in the run-up to the elections on September 15, will weigh on the market this week.

The best performer last week was Austria. The factors which have caused the bourse to underperform since June – the crises in Yugoslavia and the Soviet Union – are now discounted in prices, according to Mr Lukas Stipkovich of Girozentrale Capital Management. Demand from foreigners has boosted turnover, he says, and he believes that the current rally has another 7 to 10 per cent to run.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	FRIDAY SEPTEMBER 6 1991								THURSDAY SEPTEMBER 5 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (69)	149.85	+0.0	130.84	128.91	134.89	126.72	+0.0	4.84	149.82	131.20	128.86	135.54	126.75	151.58	112.74	142.63
Austria (20)	182.86	+0.5	159.67	157.32	164.62	164.91	+0.3	1.72	181.99	159.37	156.28	164.63	164.41	222.37	154.82	220.80
Belgium (47)	129.26	−0.5	112.86	111.20	116.36	113.96	−0.6	5.20	129.86	113.72	111.51	117.47	114.65	151.20	116.04	140.11
Canada (114)	138.89	+0.1	121.27	119.49	125.02	114.60	+0.0	3.31	138.78	121.53	119.17	125.53	114.66	142.27	126.49	130.58
Denmark (37)	251.59	+0.1	219.67	216.45	226.48	229.43	−0.1	1.54	251.45	220.20	215.93	227.47	229.74	270.56	217.74	256.87
Finland (16)	95.61	+0.6	83.48	82.26	86.07	84.87	+0.6	2.84	95.04	83.23	81.62	85.98	84.39	125.15	89.53	120.36
France (109)	138.13	+0.1	120.60	118.83	124.33	127.40	−0.3	3.48	137.92	120.78	118.43	124.76	127.81	152.26	119.11	136.65
Germany (65)	109.21	+0.6	95.35	93.96	98.31	98.31	+0.1	2.29	108.56	95.07	93.24	98.20	98.20	125.35	94.15	119.11
Hong Kong (55)	165.20	−0.7	144.25	142.12	148.72	164.55	−0.6	4.29	166.34	145.67	142.84	150.48	165.59	169.98	119.62	124.53
Ireland (18)	156.38	+0.3	136.54	134.53	140.77	143.13	+0.2	3.50	155.94	136.56	133.91	141.06	142.91	182.46	132.88	145.03
Italy (77)	72.26	+0.0	63.10	62.17	65.05	69.73	−0.4	3.35	72.24	63.26	62.03	65.35	69.97	88.23	64.76	88.74
Japan (474)	127.76	+0.5	111.55	109.91	115.02	109.91	+0.7	0.77	127.06	111.29	109.13	114.98	109.13	146.97	118.23	126.01
Malaysia (69)	207.59	−0.9	181.25	178.58	186.86	221.78	−1.0	2.74	209.40	183.37	179.81	189.42	224.12	247.78	189.18	219.31
Mexico (18)	*1210.86*	*−0.4*	*1057.25*	*1041.71*	*1090.02*	*4035.87*	*−0.4*	*1.35*	*1215.69*	*1064.60*	*1043.95*	*1099.74*	*4051.96*	*1226.13*	*534.45*	*511.17*
Netherland (31)	139.53	+0.0	121.82	120.03	125.60	124.37	−0.3	4.31	139.50	122.16	119.79	126.19	124.79	145.73	125.70	138.73
New Zealand (14)	47.14	−0.6	41.16	40.55	42.43	43.03	−0.9	7.08	47.40	41.51	40.71	42.88	43.42	54.64	41.18	61.01
Norway (31)	198.88	−0.4	173.65	171.10	179.04	183.22	−0.5	1.54	199.60	174.80	171.41	180.57	184.09	223.24	178.58	270.76
Singapore (38)	197.65	+0.0	172.57	170.04	177.92	156.30	−0.1	2.28	197.61	173.05	169.69	178.76	156.45	208.25	151.63	167.44
South Africa (61)	242.61	+0.5	211.83	208.72	218.39	171.35	+0.8	3.18	241.45	211.44	207.34	218.42	169.89	258.85	173.00	177.15
Spain (53)	151.38	−0.2	132.18	130.24	136.27	124.20	−0.3	4.32	151.69	132.83	130.26	137.22	124.62	171.12	131.51	148.11
Sweden (25)	187.84	−0.2	164.01	161.60	169.10	175.32	−0.3	2.53	188.23	164.84	161.64	170.28	175.90	204.12	146.60	196.68
Switzerland (58)	92.41	+0.0	80.69	79.51	83.20	87.28	−0.3	2.21	92.44	80.95	79.39	83.63	87.54	100.67	82.17	94.18
United Kingdom (240)	181.71	+0.5	158.65	156.31	163.56	158.65	+0.2	4.64	180.78	158.31	155.23	163.52	158.31	187.44	156.27	160.90
USA (527)	157.92	+0.0	137.89	135.87	142.17	157.92	+0.0	3.07	157.94	138.31	135.63	142.88	157.94	161.02	125.95	130.37
Europe (827)	141.00	+0.3	123.11	121.30	126.93	125.63	+0.0	3.80	140.57	123.10	120.71	127.17	125.66	151.52	125.50	138.08
Nordic (109)	*184.77*	*−0.1*	*161.33*	*158.96*	*166.33*	*163.93*	*−0.2*	*1.98*	*184.93*	*161.95*	*158.81*	*167.29*	*164.31*	*200.81*	*155.55*	*199.78*
Pacific Basin (718)	129.30	+0.4	112.89	111.24	116.40	111.75	+0.6	1.12	128.73	112.73	110.55	116.45	111.08	145.92	117.86	126.47
Euro – Pacific (1545)	134.27	+0.4	117.23	115.50	120.86	118.01	+0.3	2.24	133.75	117.13	114.85	120.99	117.61	147.66	121.29	131.54
North America (641)	156.67	+0.0	136.79	134.80	141.06	154.99	+0.0	3.08	156.68	137.20	134.56	141.76	155.01	159.68	125.91	130.30
Europe Ex. UK (587)	117.07	+0.1	102.22	100.74	105.41	106.75	−0.2	3.15	116.90	102.37	100.40	105.77	106.98	129.80	103.58	123.45
Pacific Ex. Japan (244)	144.57	−0.3	126.23	124.40	130.16	128.22	−0.4	4.29	145.08	127.05	124.60	131.25	128.72	147.60	111.40	131.11
World Ex. US (1736)	136.21	+0.4	118.93	117.19	122.62	119.41	+0.3	2.29	135.71	118.84	116.54	122.77	119.01	148.16	122.32	132.18
World Ex. UK (2023)	138.79	+0.2	121.19	119.41	124.96	128.74	+0.2	2.33	138.52	121.31	118.96	125.32	128.48	145.77	120.06	127.55
World Ex. So. Af. (2202)	141.86	+0.2	123.86	122.05	127.71	131.20	+0.2	2.57	141.54	123.95	121.55	128.05	130.94	148.86	122.92	130.23
World Ex. Japan (1789)	151.69	+0.1	132.45	130.51	136.57	143.47	+0.0	3.39	151.55	132.71	130.15	137.11	143.51	152.83	126.69	134.14
The World Index (2263)	142.51	+0.2	124.43	122.61	128.30	131.54	+0.2	2.58	142.19	124.52	122.11	128.64	131.27	149.01	123.28	130.51

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Latest prices were unavailable for this edition.